IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

APPEAL FROM ORDER No. 240 of 2005

with

CIVIL APPLICATION NO. 4241 OF 2005

For Approval and Signature:

HON'BLE MS.JUSTICE H.N.DEVANI

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1 Whether Reporters of Local Papers may be allowed to see the judgment ?

2 To be referred to the Reporter or not ?

3 Whether their Lordships wish to see the fair copy of the judgment ?

4 Whether this case involves a substantial question of law as to the interpretation of the constitution of India, 1950 or any order made thereunder ?

5 Whether it is to be circulated to the civil judge ?

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CADBURY LTD & 2 - Appellant(s)
Versus
ITC LTD & 1 - Defendant(s)

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Appearance :

Shri Mihir Thakore, Sr.Advocate, Shri Dushyant Dave, Sr. Advocate, with Mr.Y.J.Trivedi, Advocate and Ms.Bhagwati Trivedi, Advocate for the Appellant.

Shri S.B.Vakil, Sr. Advocate with Mr.Nandish Chudgar and Ms.Sushma Sharma, Advocates for Nanavati Associates for respondent No.1

Shri T.R.Andhyarujina, Sr.Advocate with Mr.S.Majmudar, Mr.Nandish Chudgar and Ms.Sushma Sharma for Nanavati Associates, Advocates for respondent No.2

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CORAM : HON'BLE MS.JUSTICE H.N.DEVANI

Date : 20/07/2005

CAV JUDGMENT

1. This plaintiffs' appeal is directed against the order of the learned City Civil Judge, Ahmedabad, dated 16th May 2005, rejecting the plaintiffs' Notice of Motion for grant of temporary injunction.

2. The appellants No.1, 2 and 3 are the original plaintiffs No.1, 2 and 3 in the suit and the respondents are the original defendants. (For the sake of convenience, the appellants and the respondents are referred to as the plaintiffs and defendants respectively.

3. The facts leading to this appeal are that the plaintiffs No.1 and 3 are Companies incorporated under the laws of the United Kingdom, whereas the second plaintiff is a Company incorporated under the Indian Companies Act, 1913. Cadbury Schweppes Plc. is a Company incorporated under the laws of United Kingdom, carrying on business as manufacturers, sellers and exporters of inter alia confectionery, beverages and other allied products. Cadbury Schweppes Plc., the plaintiffs and other affiliated companies incorporated in different countries of the world form a group of companies known as Cadbury Schweppes group.

3.1 The first defendant is a Company incorporated under the Indian Companies Act, 1913 and carries on the business, inter alia, as manufacturers and sellers of cigarettes/tobacco, confectionery, food articles, etc., and is the alleged owner of the trademark “Candyman/Candyman Choco Eclairs” and the second defendant is, inter alia, a manufacturer of confectionery items and is the manufacturer of “Candyman Choco Éclairs”.

3.2 It is the case of the plaintiffs that the second plaintiff introduced a product under the name “Cadbury Chocolate Éclairs/Éclairs” in India in the year 1972, in respect of the which it had got a label mark prepared, which was registered as a trade mark. The said label mark was slightly modified by the second plaintiff and the same was also registered and the said registration is valid and subsisting. That, in or about June 1994, the second plaintiff modified the soft chocolate cream centre of CADBURY CHOCOLATE ECLAIRS with CADBURY DAIRY MILK milk chocolate centre which is a milk chocolate of a particular specification unique to the Cadbury Schweppes Group, the unique characteristic being that the chocolate is processed directly from cows’ milk along with the other ingredients. That, in keeping with the traditional trade dress of purple and/or purple and gold always associated with CADBURY DAIRY MILK milk chocolate of the Cadbury Schweppes

group Companies, a new design of the trade dress of Gold and Purple was devised for the product which was relaunched to the consumers as CADBURY DAIRY MILK ECLAIRS.

3.3 It is the case of the plaintiffs that the trade dress for their chocolate products and products containing chocolate such as Éclairs has consistently been the purple and gold colour combination, bearing the registered trademark CADBURY in a distinctive stylized form on it. That, similarly, the plaintiffs and its group Companies the world over have been using the purple and gold colour combination on their labels of chocolate confectionery products, including the second plaintiffs' 'Eclairs' having the distinctive 'Dairy Milk' milk chocolate centre. It is further the case of the plaintiffs that the said label has a distinctive colour scheme, get up and lay out and that the same has been extensively used by the second plaintiff and that the said products have been advertised under the said trade marks and label marks on an extensive scale. Consequently, the said label marks and the said trade marks have come to be associated by the traders and members of the public exclusively with the plaintiffs. That, the word "Cadbury" written in a specialized stylized manner in gold colour with a purple background is distinctive and has acquired distinctiveness. Similarly, the plaintiffs' label, being Ex.9 (item No.9 in the list of Documents Exhibit 4 filed with the

pliant) has acquired distinctiveness and the same have come to be associated by the traders and members of the public exclusively with the plaintiffs. The marks “Cadbury”, “Cadbury Chocolate Eclairs” and “Cadbury Dairy Milk Eclairs” have become a household mark in India.

3.4 It is the case of the plaintiffs that in or about March, 2005, the plaintiffs' representative came across a product of the defendants sold under the mark “Candyman Choco Eclairs”, and found that the defendants had adopted an identical colour scheme, get up and lay out in respect of their mark as that of the plaintiffs and the manner of writing of the words “Candyman” and “Eclairs” were also identical and/or deceptively similar to that of the plaintiffs. That, the plaintiffs learnt that not only were the defendants' product “Candyman Choco Éclairs” and the plaintiffs' products “Cadbury Dairy Milk Éclairs” sold by the traders in the same shop but that the products for sale were kept in the same transparent plastic jar containers of “Cadbury Dairy Milk Éclairs” provided by the second plaintiff. On making further inquiries in the market place, and on referring to the first defendant's website and annual report of 2004, the plaintiffs came to know that the defendants' product “Candyman Choco Éclairs” was launched in 2003 with an orange and gold wrapper. However, it appears that towards the end of the year 2004, the defendants changed their wrappers and labels to

the impugned label, Ex.12. It is alleged that the defendants have adopted the mark “Candyman Choco Éclairs” and the impugned label, Ex.12, with a deliberate and malafide intent with a view to trade upon the reputation acquired by the plaintiffs in respect of their chocolates and confectionery, and especially that of their well known colour scheme, get up, lay out and the distinctive trade dress of “Cadbury Dairy Milk Éclairs”.

3.5 It is the case of the plaintiffs that, by using the mark “Candyman Choco Eclairs”, the defendants have infringed and/or are continuing to infringe the plaintiffs' registered trade marks bearing Nos.15813, 318934, 327607 and 353398. That, the impugned mark as shown in Ex.12 is deceptively similar to the plaintiffs' registered trade marks. That, by using the impugned mark “Candyman Choco Eclairs”, as shown in Ex.12, the defendants have infringed and/or are continuing to infringe the plaintiffs' aforesaid registered marks. That, the traders and members of the public have come to associate the aforesaid trade marks as also the device marks in respect of which the application for registration is pending under No.1339185, exclusively with the plaintiffs. That, the defendants, by using the impugned marks “Candyman Choco Eclairs” in the same letter and style as that of the plaintiffs, are passing off their goods as and for the goods of the plaintiffs. That the impugned mark, Ex.12 is

deceptively similar to the aforesaid trade marks of the plaintiffs.

3.6 In the aforesaid circumstances, the plaintiffs have filed the present suit for restraining the defendants by way of perpetual injunction from in any manner using in relation to any chocolates or confectionery or any chocolates either plain or containing nuts, fruits, raisins, caramel, nougat etc., chocolate confectionery or any type of confectionery the impugned mark “Candyman” and/or “Candyman Choco Eclairs” and/or “Eclairs” or any other deceptively similar trade marks :

(i) so as to infringe the plaintiffs' registered trade marks bearing Nos.15813, 318934, 327607 and 353398;

(ii) so as to pass off or enable others to pass of the defendants' goods as that of the plaintiffs' goods;

(iii) so as to infringe the plaintiffs' artistic work; and

(iv) for other consequential reliefs.

3.7 It is the case of the plaintiffs that there is no delay on the part of the plaintiffs in filing the suit. That, the plaintiffs came to know

about the impugned label of the defendants in March 2005. That, the adoption of the impugned label by the defendants is dishonest as the defendants were aware of the plaintiffs' trade marks and the plaintiffs' label, and there are no equities in favour of the defendants. It is the case of the plaintiffs that the goods in respect of which the impugned label is used are available across the counter at the same price of Re.1/- each and particularly the manner of keeping the defendants' goods and the plaintiffs' goods in the same container of the plaintiffs, will cause deception and confusion, especially to children who are frequent consumers of the said confectionery products. That, unless the aforesaid reliefs are granted, grave and irreparable loss and harm will be caused to the plaintiffs.

4. A Notice of Motion was also moved by the plaintiffs, for grant of temporary injunction restraining the defendants from using the mark “Candyman” and/or “Candyman Choco Eclairs” and/or “Eclairs” or any other deceptively similar trade marks so as to infringe the plaintiffs' registered trade marks. It was also prayed that the defendants be restrained from using the identical or similar trade mark so as to pass off or enable others to pass of the defendants' goods as that of the plaintiffs' goods. It was also prayed that defendants, their agents, servants, may be restrained from using the impugned labels or any other identical

deceptively similar labels or any other colourable imitation or substantial reproduction of the plaintiffs' artistic work.

4.1 By an order dated 1st April 2005, the trial Court had granted exparte interim injunction in terms of paragraph No.35(A) and 35(B) of the Notice of Motion.

4.2 The defendants preferred appeal from the said order dated 1st April 2005, and this Court, by its order dated 7th April 2005, while refusing to vacate the said order, directed the Notice of Motion to be heard on a day-to-day basis and to be completed by 16th May 2005. However, it was made clear that there is no restraining order in respect of any other products of the plaintiffs except the defendants “Candyman Choco Eclairs” sold for Rs.1/- in retail.

5. In response to the suit and injunction application, the defendants filed a written statement opposing the suit. It is the case of the defendants as stated in the written statement, that the suit and injunction deserve to be dismissed on the ground of lack of jurisdiction and lack of cause of action. That, the plaintiffs' have failed to make out a prima facie triable case. That, the trade mark of the defendant no.1 is “CANDYMAN”, whereas the plaintiffs' is “CADBURYS”. That, the term “eclairs” is generic and common to the trade and

the plaintiffs cannot claim exclusive rights to the same. Hence, no case of infringement of registered trade mark is made out by the plaintiffs. That, the colour scheme of purple and gold in the wrapper of the plaintiff, which is claimed to be its distinctive trade dress is the sole basis of the present action of passing off.

5.1 It is also the case of the defendants that the plaintiffs have no exclusive right in the word ‘éclairs’ and/or in respect of wrappers/packing for Éclairs which have the combination of purple and gold colours. That, the plaintiffs do not hold any registration under the Trademarks Act which give them exclusive rights in the colour purple or the colour combination of purple and golden. That, a number of competitors have been using the purple colour as well as the colour scheme of purple and golden for their éclair products openly, continuously and extensively. That the plaintiffs have not obtained any registration that go to protect the combination of purple with golden colour. That the plaintiff No.1 has made an application for registration of its latest label as recent as February 2005 but the application does not make any claim for the protection of any specific colour or colours.

5.2 It is the case of the defendants that, in order to ascertain the actual likelihood of confusion and deception, the defendants had engaged an independent and leading market research company,

M/s IMRB International to conduct a research amongst consumers in Ahmedabad. That, the said survey revealed that 95% of the potential consumer did not have any confusion in identifying CADBURY DAIRY MILK ECLAIRS when asked to do so from amongst éclairs of others, including the defendant No.1. That the instances of confusion were extremely negligible, and such stray instances of confusion were in relation to products of many other competitors of the plaintiffs.

5.3 It is the case of the defendants that the impugned label/wrapper of the defendant no.1 is distinct from the label/wrapper of the plaintiffs. The wrapper of the plaintiffs' product comprises of a middle section being gold, flanked on both the sides by purple bands with lines passing through the said purple band. The words “CADBURY'S DAIRY MILK ECLAIRS” appear prominently in the centre of the golden band in the middle portion of the wrapper. The plaintiffs sell the said product in either poly pouches which are partly transparent with a purple colouring on all sides on the pouch. The words “Cadbury Dairy Milk” appearing prominently on the same. The plaintiffs also sell the products in transparent jars bearing a label on which the word “Cadbury's Dairy Milk Eclairs” appear prominently. The wrapper of CANDYMAN Choco Eclairs is golden in colour and the same comprises of the words “CANDYMAN” written in a stylised manner in capital letters written

conspicuously on top followed by the words “Choco” and the word “Eclairs” written beneath in a unique stylised font. The said elements of the wrapper are flanked on both sides by 2 white wave lines on the sides of the wrapper. That the brand name “CANDYMAN” appears multiple times on the wrapper as used. That, the trademark of the plaintiff is CADBURYS, whereas that of the defendant No.1 is CANDYMAN. There is no visual, structural or phonetic similarity between the two marks. That, the golden colour which finds predominance in the defendant's label signifies and indicates a premium product. That, as such there is no deceptive similarity in the marks of the plaintiff and the defendant and that there is no likelihood of confusion in the minds of the consumers, and accordingly, the suit is required to be dismissed.

6. The trial Court, after considering the rival submissions and perusing the documentary evidence, observed that though the plaintiffs have filed the case for infringement and passing off, but during the course of arguments, it has become clear that the main stress of the plaintiffs is regarding trade dress. The trial Court found that :

1. the plaintiff has failed to establish prior use;
2. there are no deceptive similarities, and the trade dress is not so similar that it may cause confusion in the mind of

buyers;

3. the plaintiff has come with ambiguous pleadings; and
4. the balance of convenience is not in favour of the plaintiffs, but, tilts in favour of the defendants.

Accordingly, the Trial Court dismissed the Notice of Motion with a direction to the defendants to produce their half-yearly accounts regularly in the month of April and October, every year, to the Trial Court.

7. By its order dated 7th April 2004, passed in the Appeal from Order preferred by the Defendants against the exparte interim injunction, this Court, on the basis of a consensus arrived at between the parties, had directed as follows:

> "*The appellants will file their written statement before the Trial Court on or before 15th April 2005. The respondents will file their rejoinder on or before 19th April 2005*."

Accordingly, it appears that after the Defendants filed their written statement, the Plaintiffs filed an Affidavit in rejoinder. Subsequently an affidavit made by an employee of the Plaintiff company was filed on behalf of the Plaintiffs, and an additional affidavit was filed on behalf of the Defendant No.1. The

Plaintiffs also filed a reply to the said additional affidavit, all of which appear to be forming part of the record before the Trial Court.

8. Heard, Mr. Dushyant Dave, learned Senior Advocate for the appellant/Plaintiff. Mr. T.R.Andhyarujina learned Senior Advocate for the Defendant No.2, Mr. S.B. Vakil, learned Senior Advocate for the Defendant No.1. Mr. Mihir J. Thakore made submissions on behalf of the Plaintiff in rejoinder.

8.1 Mr. Dushyant Dave, learned Senior Advocate appearing on behalf of the appellants submitted that the impugned order passed by the Trial Court is wholly perverse and against the well known canons of exercise of the power of granting interim injunctions. Placing reliance upon the decision of the Supreme Court in the case of Colgate Palmolive versus Hindustan Lever,(1999) 7 SCC 1, it was submitted that that interim applications are not expected to be converted into mini-trials and that an order of injunction must follow if triable issues are raised. It was submitted that undisputedly triable issues were raised before the Trial Court, hence, the appellant/Plaintiff was entitled to an order of injunction.

8.2 Learned Counsel argued that interim relief is required to be granted to protect honest traders, and that the denial thereof by the

Trial Court, has resulted in encouraging dishonesty.

8.3 It was submitted that the Trial Court had erroneously appreciated the facts of the case in recording in paragraph 1 of the judgement that the appellant/Plaintiff has adopted its label in the first place in March 1998, whereas the appellant/Plaintiff had adopted the first label with its gold and purple trade dress in June 1994 as clearly set out in paragraph 13 of the plaint and that a copy of the label had been annexed as Ex-9 to the rejoinder affidavit. The learned counsel referred to the copies of the wrappers adopted by the Plaintiff at Ex. 8 and 9 and submitted that essentially the issue in question at present is confined to an action of passing off.

8.4 Referring extensively to the contents of paragraph 13,14, 15 and 16 of the plaint, it was pointed out that there was no ambiguity in the pleadings and that, on a plain reading of the facts as stated in the said paragraphs it is clear that the Plaintiffs had started using the gold and purple wrapper since June 1994 when the 2nd Plaintiff modified the soft chocolate cream centre of CADBURY'S CHOCOLATE ÉCLAIRS with CADBURY DIARY MILK milk chocolate centre which is a milk chocolate of a particular specification unique to the Cadbury Schweppes group, the unique characteristic being that the

chocolate is processed directly from cows milk along with other ingredients. It was submitted that in keeping with the traditional trade dress of purple and/or purple and gold always associated with Cadbury Diary Milk milk chocolate of the Cadbury Schweppes group companies, a new design of the trade dress of Gold and Purple was devised for the product which was re-launched to the consumers as Cadbury Diary Milk Éclairs. The new wrapper was designed for the 2nd Plaintiff by Lintas India Ltd. and that the artistic work on the wrapper was changed from time to time. In 1998 the artistic work was created by Ogilvy & Mather Private Limited, Mumbai, an advertising company, which was used as a wrapper or a label in which the 2nd Plaintiff's confectionary Cadbury Diary Milk Éclairs was packed and sold. That, thereafter in or about September, 2003 the Plaintiff engaged the services of Contract Advertising (India) Private Limited, Mumbai, an advertising company, for creating a new artistic work which was to be used by the Plaintiff for its product Cadbury Diary Milk Éclairs. An employee of the said company created an artistic work, which was a slight variation of the earlier artistic work, while retaining the gold and purple colour scheme. That, the said artistic work was used as a wrapper or a label in which the 2nd Plaintiff's confectionary Cadbury Diary Milk Éclairs is presently sold and packed. The learned Counsel also referred to and

relied upon the contents of paragraph 24.9 of the written statement to submit that the label of 1994 was not denied by the Defendants.

8.5 Referring to paragraph 105 of the impugned judgement, it was contended that the Trial Court had completely misread and ignored the visual similarity between the marks Cadbury and Candyman where the first two letters in both the marks are the same and the letter 'D' appearing third in Cadbury is appearing fourth in Candyman and the words when written in the same purple colour in small letters on a small pack which is approximately one inch in length and half an inch in breadth with a small area of display panel would be deceptively similar when used on the same type of product i.e. sugar candy such a éclairs in the market place along with the word éclairs.

8.6 It was emphasized that the Trial Court had completely disregarded the oral and written submissions made by the Plaintiffs that the complete text Candyman Choco Éclair and Cadbury Diary Milk Eclairs written in purple colour on a golden coloured background on the rival labels mentioned in three separate rows one below the other on the small labels of each individual wrapper there would be confusing similarities between the two labels which would easily deceive consumers, especially young children who are predominant purchasers of these products.

8.7 While contending that what has to be seen is as to whether the discretion has been exercised judicially and reasonably, it was submitted that the finding recorded by the Trial Court is perverse in view of what has been stated in paragraph 24.11 of the written statement wherein it has been stated on behalf of the Defendants that "Copies of the Plaintiff No.2's packing material as used over a period of time had been filed as Item No.10 in the separate list of documents filed". Referring to Item No.10 of the said list, the learned Counsel pointed out the copies of the poly pouches as well as wrappers of the Plaintiffs' Cadbury Diary Milk Eclairs in the purple and gold combination, which as per the say of the Defendants had been used by the Plaintiff No.2 over a period of time and emphasized that as per the Defendants' own say, the Plaintiff No.2 has been using the purple and gold label over a period time. While submitting that the case of the Defendant as stated in 24.13 of the written statement was that the Defendant had started using the impugned purple and gold label only with effect from October 2004, it was contended that even from the facts stated by the Defendant, it was apparent that the Plaintiff No.2 had adopted its purple and gold label much prior to the adoption of the impugned label by the Defendant.

8.8 While contending that the conduct of the Defendant was also required to be seen, it was pointed out that the Defendant was well aware of

the Plaintiffs' purple and gold label and that it was obvious that the Defendant had adopted a deceptively similar label for its Candyman Choco Éclairs with a view to trade upon the reputation acquired by the Plaintiffs in respect of their chocolates and confectionary and especially of their well known colour scheme, get up, lay out and the distinctive trade dress of Cadbury Diary Milk Éclairs.

8.9 It was further submitted that in intellectual property matters delay is of no consequence and that injunction must be granted. It was also submitted that independent surveys cannot be looked into at injunction stage.

8.10 The learned Senior Advocate cited the following decisions in support of his arguments:

(i) The decision of the Supreme Court in the case of Ruston and Hornby Ltd. vs. Zamindara Engineering Co., 1969(2) SCC 727 was cited for the proposition that in a passing off action the issue is as to whether the defendant is selling goods so marked as to be designed or calculated to lead purchasers to believe that they are the plaintiff's goods.

(ii) The decision of the Supreme Court in the case of Laxmikant V. Patel v. Chetanbhai Shah, (2002) 3 SCC 65, was cited for the proposition that the law does not permit any one to carry on his business in such a way as

would persuade the customers or clients in believing that the goods or services belonging to someone else are his or are associated therewith. It is stated in the said decision that "*It does not matter whether the latter person does so fraudulently or otherwise. The reasons are two. Firstly, honesty and fair play are, and ought to be, the basic policies in the world of business. Secondly, when a person adopts or intends to adopt a name in connection with his business or services which already belongs to someone else it results in confusion and has propensity of diverting the customers and clients of someone else to himself and thereby resulting in injury*".

(iii) The decision of the Supreme Court in the case of Midas Hygiene Industries (P) Ltd. v. Sudhir Bhatia, (2004) 3 SCC 90, 5 was cited for pointing out that it was a well settled proposition of law that in cases of infringement either of trade mark or of copyright, normally an injunction must follow. That, mere delay in bringing action is not sufficient to defeat grant of injunction in such cases. That, grant of injunction also becomes necessary if it prima facie appears that the adoption of the mark is itself dishonest.

9. Mr.T.R.Andhyarujina, learned Senior Advocate appearing on behalf of the respondent No.2 submitted that the case at hand is not one of infringement of trade mark but a passing off

action. That, what has been alleged to be passed off is a wrapper. It was submitted that in order to establish a passing off action it is necessary to prove the following:

1. Credible prior use has to be substantiated by the Plaintiffs' own pleadings. That, the learned judge has found no prior use.

2. That, there is a distinctive wrapper, so distinct that it is appropriately attached to their goods.

3. That distinctiveness should give them a good will.

4. They must establish that the Defendants' wrapper is deceptively similar.

5. They must prove some damage as a result of the Defendants' wrapper.

9.1 The learned Counsel submitted that the Plaintiffs have not been able to establish credible prior use as neither do their pleadings unambiguously state as to when the labels came into existence, nor is there any clear statement as to which was the wrapper that was alleged to be passed off and as to what was the precise date when the same came to be marketed.

Referring to the contents of paragraph 13 of the plaint, the learned Counsel submitted that the label had not been produced with the plaint. Reference was also made to paragraph 24.11 of the rejoinder filed by the Plaintiff to submit that the invoices produced in support of telecast of advertisement of Cadbury Diary Milk Eclairs as well as the copies of Central Excise invoices produced in support of clearance of Cadbury Diary Milk Eclairs did not by any means support the case of the Plaintiff as there was nothing to connect the said invoices with the Plaintiffs' label in respect of which passing off is alleged. Emphasizing that there is no statement in the entire pleadings that this is the label produced by Lintas and that the Plaintiff was using it since then, the learned Counsel submitted that the Supreme Court has held that such ambiguous material cannot be the foundation of prior use. It was urged that the label Ex.-8 was produced before the High Court for the first time, and that before the Trial Court some other document had been produced. It was submitted that there is laxity in the fundamental basis of the Plaintiffs' pleadings, which could not be condoned.

9.2 Referring to the label/wrapper produced at Ex.9, the learned Counsel submitted that there is no statement as to when Cadbury's gold and purple wrapper came on the scene. The Learned counsel also referred to the label produced at Ex.7 and submitted that the same was a black and white

label wherein the period of use was shown to be 1st December 1994, however, the said label was not clear about the colour. Ultimately it was submitted that there was no clear conception as to what is the wrapper and since when it has come into play, hence, the Plaintiffs have not made out any prima facie case which would merit the grant of injunction in their favour.

9.3 It was contended that the most important thing that the Plaintiffs were required to prove was distinctiveness and that there was nothing distinctive about the Plaintiffs' wrapper. It was pointed out that the jars and pouches used by the Plaintiff were predominantly purple. That, there are in all 29 producers, who use a combination of purple and gold. Reliance was placed upon the documents at page 227 to 233 to point out that several other companies were wrapping similar goods in gold and purple wrappers like Tiffany's and Nutrine etc., but the Plaintiff had not initiated any action against them. It was submitted that Nutrine in fact sells a larger quantity of éclairs than Cadbury. Referring to paragraph 109 of the impugned order, it was submitted that the Plaintiffs have not applied for the registration of the golden colour and that their emphasis was on purple. It was urged that the Plaintiffs have not made out a case of passing off as the wrappers of the parties are so distinct and several competitors have been openly and

extensively using the same colour scheme over the years.

9.4 The learned Counsel submitted that the Plaintiffs have failed to establish that the Defendants' label is deceptively similar to that of the Plaintiffs. While contending that to arrive at the conclusion as to whether the two wrappers are deceptively similar one has to find out if there is any possibility of confusion, it was submitted that in the facts of the present case, the two wrappers are totally distinct. The learned Counsel submitted that the Defendants' wrapper is predominantly gold, whereas the Plaintiffs' wrapper is about 40 to 50% purple. That, in case of the Defendants' label only the lettering was in purple, whereas in case of the Plaintiffs' label there was a large proportion of purple on the wings, hence, there was no scope of confusion. It was submitted that the word Cadburys and Candyman as appearing on the wrappers of the products sold by the rival parties are different visually, structurally, phonetically and in all other respects. It was also submitted that the word Éclair is a generic word and there was nothing distinctive about it. That, the two wrappers are so distinct that no confusion can arise. Hence, the Plaintiffs have failed to establish that the Defendants' wrapper is deceptively similar to that of the Plaintiffs'.

9.5 Reference was also made to the survey report

prepared by IMRB International at the instance of the Defendant No.1, to submit that an independent body had carried out a survey and it was found that hardly anyone mistook the Defendant's éclair to be a Cadbury's éclair.

9.6 The learned Senior Counsel submitted that the Hon'ble Apex Court has held that the Trial Court's discretion should not be interfered with. Referring to the findings of fact recorded in paragraph 105 of the impugned order it was submitted that the Trial Court is entitled to use its discretion and that the High Court in its appellate jurisdiction should not interfere with the same.

9.7 It was also submitted that the interest of the Plaintiff is safeguarded when the injury is capable of being redressed by damages and in such cases no injunction ought to be granted. Accordingly it was submitted that the Plaintiff had itself assessed the damages at Rs.10 crores, hence, the injury if any to the Plaintiffs was capable of being redressed by way of damages, hence, the Plaintiffs were not entitled to the grant of injunction. Finally it was submitted that the judgement of the Trial Court was faultless and no interference was called for on the part of this Court. The learned counsel had also referred to and relied upon a number of decisions, which are cited hereinafter.

10. Mr.S.B. Vakil, learned Senior Advocate appearing on behalf of the Defendant No.1, adopted the

arguments advanced by Mr.Andhyarujina. He further submitted that in a passing off action it is only the label in use that can be considered. It was argued that for the purpose of grant of injunction the following factors have to be taken into consideration:

1.Irreparable hardship

2.Prima facie case

3.Balance of convenience.

10.1 Insofar as the question of trading on the reputation of the Plaintiff is concerned, the learned Senior Advocate referred to paragraph 68 of the impugned judgement wherein the Defendants had relied upon the letter of the Commissioner, Food and Drug Administration, stating that several prosecutions had been lodged against the Plaintiff in respect of fungal growth and live infestation found in some of the Plaintiffs' products, and submitted that the Defendants did not want to trade on such a reputation of the Plaintiffs.

10.2 It was submitted that in an action of passing off it was necessary for the Plaintiff to establish prior use. It was submitted that the Plaintiff was claiming use of the trade dress in respect of Cadbury Diary Milk Éclairs from 1994, however, till date the said label has not been produced. Referring to the averments made in

paragraph 13 and 14 of the plaint, it was submitted that it is not clear as to since when the label is being used. That, no date has been mentioned as to when the artistic work was created and when it was used. Emphasizing that the deed of assignment in respect of the present artistic work was executed only on 23rd March 2005, i.e., only a week prior to the filing of the suit, it was submitted that the Plaintiffs have failed to establish prior use of the label in question and that the Defendant who has adopted the impugned label from October 2004 has established that it was using the same prior in point of time than the Plaintiff. It was further submitted that for the first time the Plaintiff had produced a copy of the label which they claimed to be using from 1994 along with the rejoinder filed by them. Reliance was placed upon a decision of this Court in the case of Hiralaxmi v. Ahmedabad Municipal Corporation, AIR 1967 Gujarat 198, wherein it has been held that "*contentions not found among the grounds on which the relief is claimed in the petition, if they are raised for the first time in rejoinder affidavit, it will not be proper to accept such contentions except in exceptional cases*". It was submitted that the said principles apply with stronger force to a suit, hence, the reliance placed by the Plaintiff upon the rejoinder to say that they have made out a case is of no avail.

10.3 It was submitted from the averments made in the plaint it is evident that prior use has not been established. Placing reliance upon the decision of the Supreme Court in the case of Durga Dutt Sharma v. N.P. Laboratories, AIR 1965 SC 980, wherein it has been held that "*if the essential features of the trade mark of the Plaintiff have been adopted by the Defendant, the fact that the get up, packing and other writing or marks on the goods or packets in which he offers his goods for sale show marked differences, or indicate clearly a trade origin different from that of the registered proprietor of the mark would be immaterial; whereas in the case of passing off, the Defendant may escape liability if he can show that the added matter is sufficient to distinguish his goods from those of the Plaintiff*", it was submitted that if origin and ownership are indicated in the label there is no passing off. It was urged that whereas the name Cadbury was written on the Plaintiffs' label, the word Candyman was written on the Defendants' label. That the Plaintiffs product was Cadbury Diary Milk Eclairs whereas the Defendants product was Candyman Choco Eclairs, which appeared as such on the labels, hence, the added matter was sufficient to distinguish the two labels, apart from the fact that the Defendants wrapper was predominantly gold with the letters in purple, whereas the Plaintiffs wrapper was about 40 to 50% purple. In the aforesaid premises, it was submitted that there was no

question of deceptive similarity between the label of the Plaintiff and the Defendant.

10.4 The learned Counsel referred to the provisions of Section 17 of the Trade Marks Act, 1999 and submitted when a trademark consists of several matters, its registration confers on the proprietor the exclusive right to the use of the trade mark taken as a whole. It was contended that the registration of a trade mark did not confer any exclusive right in the matter forming only a part of the whole of the trade mark so registered, if the same contains any matter which is common to trade or is otherwise of a non-distinctive in character. It was submitted that the purple and gold colour scheme of the Plaintiffs' wrapper was common to trade and that all manufacturers were using the same combination of purple and gold for their confectionary products. It was further submitted that 'choco' and 'éclairs' were not distinctive words and that 'choco' and 'éclairs' are not essential features of the Plaintiffs' label. It was also submitted that Cadbury and Candyman are proper names, but other matters are product names and generic names. It was argued that the word Éclairs is a generic name and the Plaintiff cannot claim exclusive use of the same. It was submitted that assuming without admitting that the Plaintiff had a right to use the label in question, in view of the provisions of section 17 of the Act, the Plaintiff had no exclusive right to the use of the purple and gold colour

scheme, as well as the words ‘choco’ and ‘éclairs’.

10.5 It was submitted that it was a settled legal position that with a view to find out as to whether the labels are deceptively similar, the characteristics of the same are required to be examined and the essential features are required to be compared. It was further submitted that there is no continuity of the Plaintiffs’ labels. That, the Plaintiff kept on changing labels and has not disclosed as to when the said labels have actually changed. It was submitted that the argument on trade dress is based totally on the colour combination, which is common to trade, hence, the Plaintiff has no prima facie case and is not entitled to the grant of injunction.

10.6 On the question of balance of convenience, the learned Senior Advocate submitted that when damages are adequate remedy, interim injunction should not be granted. It was submitted that the product in question was a common item. That, if the Defendant sells goods during the pendency of the suit, damages can be ascertained on the basis of profits. It was argued that the Defendant had entered the market long before the suit was filed and that if injunction were granted, the Defendant would have to adopt a new label. It was also submitted that no injunction should be granted as the same would amount to decreeing the suit.

10.7 It was further submitted that insofar as the question of public interest is concerned, no public interest is affected if someone eats a Cadbury Dairy Milk Eclair or a Candyman Choco Éclair.

10.8 In support of the propositions canvassed on behalf the Defendants the following decisions were cited:

1. For the proposition that the appellate Court ought not to interfere with the exercise of discretion by the Trail Court:

   (1) Wander Ltd. v. Antox India P. Ltd. (1990) Supp SCC 727;

   (2) N.R. Dongre v. Whirlpool Corporation (1996) 5 SCC 714;

   (3) Maradia Chemicals Ltd. v. Gujarat Electricity Board, 43(2) GLR 1480;

2. To state the principles governing the grant of interim injunction:

   i. Gujarat Bottling Ltd. v. Coca Cola Co. (1995) 5 SCC 545;

   ii. Colgate Palmolive (India) Ltd. v. Hindustan Lever Ltd.,(1999) 7 SCC 1.

3. For the proposition that the "triable issue" test has now been discarded and that a prima facie case means a relatively stronger case than of the other side and brighter chances of success:

   i. Colgate Palmolive (India) Ltd. v. Hindustan Lever Ltd.,(1999) 7 SCC 1;

   ii. S.M. Dyechem Ltd. v. Cadbury (India) Ltd. (2000) 5 SCC 573;

   iii. Uniply Industries Ltd. v. Unicorn Plywood Ltd., AIR 2001 SC 2083

4. For the proposition that without the use of a trademark, its' owner does not derive any right to exclusive use thereof and that, priority of use determines priority of right:

   i. Uniply Industries Ltd. v. Unicorn Plywood Ltd., AIR 2001 SC 2083;

   ii. Duncans Agro Industries Ltd. v. Somabhai Tea Processors (P) Ltd., (1995) 36 (1) GLR 380.

5. For the proposition that the marks that are common to trade cannot be protected as a trademark:

   i. Roche & Co. v. G. Manners and Co. AIR 1970 SC 2062;

   ii. J.R. Kapoor v. Micronix India,

1994 Supp 3 SCC 215

iii. Indo Pharma Pharmaceutical Works Ltd. v. Citadel Fine Pharmaceuticals Ltd., AIR 1998 Madras 347;

iv. S.B.L. Ltd. v. Himalaya Drug Co., AIR 1998 Delhi 126;

v. National Bells Co. v. Metal Goods Mfg. Co., AIR 1971 SC 898;

vi. Rupa & CO. v. Dawn Mills Co. Ltd., AIR 1998 Gujarat 247;

vii. Pfizer Products Inc. v. B.L. & Co., 2002 (25) PTC 262;

viii. Rizla Ltd. v. Bryant and May Ltd., (1986) RPC 389;

6. For the proposition that difference in names is enough to warrant the public that they are getting one trader's goods and not the others:

i. Kellog Company v. Pravin Kumar Bhadabhai, 1996 PTC (16) 187;

ii. Kaviraj Pandit Durga Dutt Sharma v. Navaratna Pharmaceutical Laboratories, AIR 1965 SC 980;

7.Deceptive similarity in marks:

Pfizer Products Inc. v. B.L. & Co., 2002 (25)PTC 262

8.For the proposition that in case of doubt no injunction can be given :

Colgate Palmolive (India) Ltd. v. Hindustan Lever Ltd., (1997) 7 SCC 1

9.For the proposition that even if the Plaintiff has a prima facie case, the question of balance of convenience must be considered:

Colgate Palmolive (India) Ltd. v. Hindustan Lever Ltd., (1999) 7 SCC 1

10.For the proposition that if damages are adequate remedy to compensate the Plaintiff, no injunction should be granted:

i.Gujarat Bottling Ltd. V. Coca Cola Co., (1995) 5 SCC 545
ii.Colgate Palmolive (India) Ltd. v. Hindustan Lever Ltd., (1999) 7 SCC 1
iii.The Boots Co. Ltd. v. Approved Prescription Services Ltd., 1988 FSR 45
iv.Gala of London Ltd. v. Chandler Ltd., 1991 FSR 348
v.Pfizer Products Inc. v. B.L. & Co., 2002

(25) PTC 262

11.For the proposition that if the Defendant has commenced enterprise the same is a very valid consideration for refusing injunction:

i.Colgate Palmolive (India) Ltd. v. Hindustan Lever Ltd., (1999) 7 SCC 1

ii.Pfizer Products Inc. v. B.L. & Co., 2002 (25) PTC 262

iii.Wander Ltd. v. Antox India P Ltd., 1990 (Supp) SCC 727

iv.B D A Breweries & Distilleries Ltd. v. Shree Durga Distillery, 2002 (25) PTC 704(Karnataka)

12.For the proposition that a plea raised in rejoinder for the first time is not proper:

Bai Hiralaxmi v. Municipal Corporation of the City of Ahmedabad, 1967 GLR 198.

11. In rejoinder, Mr. Mihir J. Thakore, learned Senior Advocate appearing on behalf of the Plaintiffs, submitted that the questions which arise for consideration in this appeal are:

1.What is the scope of the Court in an appeal from order?

2.Whether the Plaintiff has established prior use of the label in question?

3. Whether there is any ambiguity in the pleadings?

4. Whether the two marks are deceptively similar? and

5. Whether the Plaintiff has a prima facie case and as to in whose favour the balance of convenience tilts?

11.1 Insofar as the first question is concerned, the learned counsel submitted that the Supreme Court in the case of Wander v. Antox (supra) does not lay down an absolute proposition of law that in no case the discretion exercised by the Court of first instance can be interfered with. It was submitted that the Court has to consider the record of the case and find out as to whether a reasonable decision has been arrived at.

11.2 The learned Counsel submitted that the Trial Court has wrongly come to the conclusion that no prior use has been established. It was submitted that the Trial Court had refused to grant injunction without proper application of mind to the relevant aspects arising for consideration and the order could be termed as perverse so as to call for interference by this Court. To emphasize that the impugned order suffered from non-application of mind, the learned Counsel referred to paragraph 112 of the decision and submitted that the learned judge was referring to the label of the Plaintiff as the impugned

label, whereas it is the Defendants' label that is impugned.

11.3 It was further submitted that the Plaintiffs were only required to establish prior use of the label in question. It was submitted that, in their written statement the Defendant's have made a clear cut admission that the Defendants have started to use the impugned label from October 2004, hence, the Plaintiffs were only required to prove that their use is prior thereto. Reliance was placed upon the decision of this Court in the case of Duncans Agro Industries Ltd. v. Somabhai Tea Processors (P.) Ltd., 1995 (36)(1) GLR 380 in support of the contention that a trader who first goes to the market with his product under a particular trade mark or trade name as a distinctive mark, gets the proprietary right to use that mark, to the exclusion of others, irrespective of the length of user or extent of business. That, even if the Plaintiff's user was only few months prior to that of the Defendant, the Plaintiff would be entitled to an injunction restraining the Defendant from using that mark or a similar mark.

11.4 The learned Senior Advocate submitted that the Defendants have adopted the gold and purple mark with effect from October 2004, hence, the moment the Plaintiffs establish from their pleadings and the documents produced by them, that their adoption of the gold and purple mark is prior to

the adoption of the said mark by the Defendant, the Plaintiffs prior use is made out.

11.5 It was submitted that while the Defendants had accepted the present label of the Plaintiff, their main contention was that the Plaintiff has not stated as to when it has started using it. The learned Counsel pointed out that the Plaintiffs have categorically pleaded in the plaint that they have adopted the gold and purple wrapper in 1994 and that subsequently the said label had been modified while retaining the same colour combination.

11.6 The learned counsel submitted that in a passing off action, the Plaintiff is pleading that the Defendant is seeking to pass off his goods as the plaintiffs' goods. That the Plaintiffs' user is from 1994. That, as held by the Supreme Court in the case of Dhariwal Industries Ltd. v. M/s M.S.S. Food Products reported in 2005 AIR SCW 1241, the prima facie establishment of prior user goes a long way in enabling the Plaintiff to claim injunction in an passing-off action, if the Plaintiff establishes prior user, the Plaintiff would be entitled to claim injunction.

11.7 The learned Counsel referred to the relief prayed for vide paragraph 38(c) of the plaint, wherein it has been prayed that the Defendants be restrained from in any manner using in relation to any chocolates or confectionary etc. the impugned label, being Ex.12 hereto or any

other identical or deceptively similar label so as to pass off the Defendants' goods as that of the Plaintiffs' goods, as well as to the impugned label Ex.12, and submitted that the Defendants should not pass of their goods as that of the Plaintiffs', by using this label.

11.8 The learned Counsel submitted that till 1994 the products marketed by the Plaintiff were chocolate éclairs. Thereafter, from 1994, the Plaintiff modified the chocolate cream centre of its chocolate éclairs with dairy milk chocolate centre, and simultaneously adopted the purple and gold label which is the trade dress in respect of Dairy Milk products of the Cadbury Schweppes group. It was submitted that it was only the Dairy Milk products of the Plaintiffs' which had the gold and purple trade dress and that none of their other products have this combination. Hence, the gold and purple trade dress is distinctive of the Plaintiffs' dairy milk products.

11.9 It was submitted that there is a specific pleading in paragraph 13 of the plaint that in June 1994, the centre of the chocolate underwent a change and from that period onwards, the wrapper also underwent a change, though the wrapper has not been produced with the plaint. It was further submitted that as per the provisions of Order VI Rule 2 of the Civil Procedure Code, the Plaintiff was required to plead that in June 1994 it has adopted the gold

and purple trade dress, it was not required to plead the evidence in the pleading. The learned Counsel submitted that the plaint was drafted and settled in Mumbai, where it is a standard practice in all pleadings filed in the Bombay High Court to use "crave leave to refer to and rely upon the document when produced" and that no presumption about non-availability of the document can be drawn with reference to the document not having been filed with the plaint, on the basis of such pleading, which was strongly opposed by Mr. Vakil, the learned Senior Advocate appearing on behalf of the Defendant No.1.

11.10 The learned Counsel urged that if the pleading is enough, evidence need not be incorporated and that, in any case the evidence has been produced with the rejoinder. Referring to the label Ex.9 which was produced with the rejoinder, the learned Counsel submitted that the said label had been adopted in 1994. That, the same underwent a slight change in 1998, and the said label, the artistic work of which was created by Ogilvy and Mather Pvt. Ltd. (India) was produced as Ex-8 to the plaint. It was submitted that due to oversight, in the copy given to the Defendant the deed of assignment was annexed as Ex-8. It was pointed out that both the pleadings as well as the list of documents submitted along with the plaint referred to Ex.8 as the label created by Ogilvy and Mather Private Limited. He referred to Ex. 9 which is the present label in

which the products of the Plaintiff are packed and marketed. Learned Counsel referred to the copy of the actual artistic work at page 62 of Volume-I and pointed out that the date of the said work was 23.12.2003. The learned Counsel referred to the averments made in paragraph 6, 24.9 and 24.10 of the written statement and submitted that the Defendants themselves have admitted that the Plaintiffs' label changes came about in 1994, 1998 and September 2003.

11.11 The learned Counsel referred to paragraph 24.11 of the written statement as well as to the copies of the Plaintiffs' packing material produced as item No.10 in the separate list of documents filed by the Defendants. He referred to the first document of item No.10 which is the copy of a poly pouch of the Plaintiffs' Cadbury Diary Milk Éclairs and submitted that though the date of manufacture is not clear, the Plaintiffs had verified the date from the Batch No. which can clearly be seen on the pouch, and that the date of packing was June 2002. Mr. Vakil, learned Senior Advocate, vehemently objected to consideration of the said submission. The learned Counsel for the Plaintiffs further submitted that the Defendants' are required to produce the original when called upon to do so, failing which the Court can draw an adverse inference. The learned Counsel also referred to the 2nd document at item No.10 which is a copy of a poly pouch of the Plaintiffs' Cadbury Diary

Milk Eclairs and pointed out that the date of packing was December 2003. The learned Counsel referred to the 3rd document at item No.10, bearing copies of the wrappers of the Plaintiffs' Cadbury Diary Milk Eclairs. The learned Counsel also referred to the 4th document at item No.10 which is a copy of the a poly pouch of the Plaintiffs' Cadbury Diary Milk Eclairs and pointed out that the date of packing was 10/04 and submitted that on the evidence produced by the Defendants themselves, the Plaintiff's prior use is established. It was submitted that the attention of the Trial Court had not been drawn to this evidence.

11.12 The learned Counsel contended that the Plaintiff is required to show only prior use and that from the aforesaid evidence which is on the record, it is evident that the gold and purple wrapper has been used at least from December 2003 which is prior to the use by the Defendants, from October 2004.

11.13 The learned Counsel referred to the documentary evidence produced by the Plaintiffs along with a list of documents Exh-49. Referring to the documents at item No.4 of the said list, the learned Counsel pointed out that copies of the labels used in 1994, 1998 and 2003 had been produced. Learned Counsel also referred to the documents at item No.5 and 6 of the said list, which are the 45th and 48th Annual Reports of

the Plaintiff No.2 Company respectively, which pertain to the years 1992-93 and 1995 respectively. The learned Counsel referred to the photographs of the Plaintiffs products in the said Annual report of the year 1992-93 wherein the Plaintiffs éclairs are wrapped in wrappers having a combination gold, brown and orange colours and pointed out that in the year 1992-93 the Plaintiffs were manufacturing and marketing Cadbury Choco Éclairs which were packed in wrappers having of a combination gold, brown and orange colours which is borne out by the said photographs. The learned Counsel then referred to the Annual Reports for the year 1995 wherein the éclairs were wrapped in wrappers having a combination of gold and purple colours, and submitted that from 1994, the Plaintiffs had changed the centre of the éclair to dairy milk chocolate and had adopted the gold and purple wrapper in keeping with the trade dress of the Plaintiffs' dairy milk products, which is borne out by the said annual report.

11.14 The learned Counsel urged that it is clear from the pleadings in the plaint that the center of the Cadbury éclairs was changed from 1994 to Cadbury Diary Milk chocolate and the label was changed in keeping with the Plaintiffs trade dress for its dairy milk products and that the photographs contained in the Annual Report supported the said pleading. The Excise Invoices stating that the products that were cleared were Diary Milk Éclairs was also produced on the

record. It was submitted that to establish prior use of the gold and purple label, all the aforesaid documents had been referred to and pointed out to the Trial Court. It was submitted that the evidences can be connected, which all go to show the prior use of the Plaintiff. It was submitted that despite the overwhelming evidence in favour of the Plaintiffs, the said evidence had been totally ignored by the Trial Court.

11.15 The learned Counsel submitted that the exact date of prior use is not required to be shown. It was pointed out that there was specific pleading regarding adaptation of the original wrapper. It was submitted that the claim of passing off is based on the gold and purple label and not the minor changes affected therein from time to time. It was argued that error had crept in, in the findings of the Trial Court on the ground that the exact date of the new wrapper is not stated.

11.16 On the question as to whether the Defendants label was deceptively similar to that of the Plaintiffs, the learned Senior Advocate referred to various decisions including the decisions cited on behalf of the Defendants and submitted that proposition of law enunciated by the said decisions was that one has to look as to whether the labels are similar enough to deceive, one does not have to compare the two marks to find out the dissimilarities.

11.17 The learned Counsel submitted that at this stage he does not say that the word ‘Éclair’ is the prerogative of the Plaintiff but that the label has to be looked at as a whole and that one cannot remove the common and look only at the dissimilarities. Referring to a copy of the wrapper originally adopted by the Defendant which is produced at Ex-15 with the list of documents submitted with the plaint, the Learned Counsel submitted that the words Candyman were well emphasized on the wrapper and that till October 2004, the Defendants éclairs were marketed in this wrapper. That in October 2004, the Defendants changed the wrapper in respect of Re.1 Eclairs. It was submitted that by virtue of the change the word Candyman became smaller and Eclairs became larger. The colour of the wrapper was changed to gold and the lettering was done in purple. That the center of the label was gold and purple. It was submitted that in case of the Plaintiffs’ label the purple bands would go in the folding/twist and in the center both the Plaintiffs’ as well as the Defendants’ label would remain gold and purple. Referring to the difference in the poly pouches of products of the parties, it was submitted that people do not buy these products in pouches or bottles; it is the retailers who do so. People buy them separately and if placed alongside in a single bottle it would be impossible to distinguish them. Learned Counsel submitted that the survey

report produced by the Defendant is dated 12th April 2005, i.e. after the suit was filed and hence, no reliance ought to have been placed upon it. It was further submitted that even as per the said report, there is a mistake of 5% out of the small number of people surveyed.

11.18 The learned Counsel referred to the documents produced with the list of documents Exh 31 to point out that as a colour, the purple colour is registered and that wrappers of gold and purple are registered. It was submitted that Gold as a colour per se is not registered, however, the Trial Court had misconstrued the same to say that gold is not registered. The learned counsel referred to the various certificates of registration of the Plaintiffs' mark, including registration of the colour purple as well as labels in the purple and gold combination in different countries.

11.19 The learned Counsel submitted that when the Defendants' éclairs are sold in the gold and purple wrappers on the principle of imperfect recollection, there is every likelihood of deception.

11.20 Insofar as the question of the gold and purple label being common to trade is concerned, the learned Senior Counsel referred to the Survey Reports filed by the Defendant as well as to a table prepared by the plaintiffs on the basis of

the said survey reports. The learned Counsel referred to the copies of the labels produced by the Defendant at pages 227 to 233 and 581 to 587 and pointed out that though the Trial Court had observed that there are as many as 29 parties manufacturing products which were wrapped in gold and purple wrappers, the same was factually incorrect as the same wrappers had been produced several times over, to create an impression that there are many players marketing their goods in similar wrappers. It was pointed out that many of the products were not even éclairs. The learned Counsel referred to the copies of the labels of Éclairs marketed by the all major players in the market produced at item No.1 with the list Exh.49 and submitted that none of them are gold and purple. He referred to the colour of the label of Nutrine Chocolate Éclairs and pointed out that the same was Brown and Orange. He then referred to a copy of the packet of Nutrine Éclairs produced by the Defendant along with its list of documents Exh.29 and pointed out that the pouch was coloured brown and orange but since the same was empty the colour of the éclair was not borne out. He then referred to the copy of a poly pouch of Nutrine Éclairs at page 233 of Vol-II and submitted that this was not the original wrapper and that it appears that the said éclairs are an imitation and not the original.

11.21 The learned Counsel submitted that not a single major player in the ORG Report is copying the

Cadburys purple and gold label. That, Candyco that had adopted the gold and purple label had changed its label. It was submitted that the decisions relied upon on behalf of the Defendants in respect of common to trade will have no application to the facts of the present case. It was submitted that purple and gold is not common to trade as no major player in the market had adopted the said label. It was further submitted that the Plaintiff has a subsisting copyright in the label, accordingly a prima facie case was made out, hence, injunction should be granted which the Trial Court has not considered.

11.22 During the course of his submissions the learned Senior Advocate had referred to and/or relied upon the following decisions:

ii. Wander Ltd. v. Antox India P. Ltd., 1990 Supp SCC 727
iii. N.R. Dongre v. Whirlpool Corp., (1996) 5 SCC 714
iv. Ashokkumar Pandya v. Suyog Co-operative Housing Society Ltd., (2002)3 GLR 2521
v. Duncans Agro Industries Ltd. v. Somabhai Tea Processors)P) Ltd., 36(1) GLR 380
vi. Dhariwal Industries Ltd. v. M/s M.S.S. Food Products, 2005 AIR SCW 1241
vii. Ruston Hornby Ltd. v. Zamindara Engineering Co., AIR 1970 SC 1649
viii. Cadila Health Care Ltd. v. Cadila Pharmaceuticals Ltd., (2001) 5 SCC 73

ix.Colgate Palmolive Company v. Anchor Health and Beauty Care Pvt. Ltd., (2003) 27 PTC 478 Delhi

x.Tavener and Rutledge Ltd. v. Specters Ltd., (1959) RPC 83

xi.United Biscuits (U.K.) Ltd. v. Asda Stores Ltd., (1997) RPC 513

xii.Lever v. Goodwin, 1887 RPC 492

xiii.Colgate Palmolive Ltd. v. Pattron, 1978 RPC 635

xiv.Kellogg Company v. Pravin Kumar Bhadabhai, 1996 PTC (16) 187 (Delhi)

xv.Om Prakash v. Ram Kumar, AIR 1991 SC 409

12. The Learned Senior Advocate Mr. S.B. Vakil submitted that on the question of prior use the Plaintiffs have not amended the plaint. That the date of commencement of use is part of the case, not the evidence. That, if a case is not pleaded, no amount of evidence is relevant.

12.1 It was submitted that the Plaintiffs have based their case only on passing off and not on infringement, hence, the relevant label is the last label. That all prior labels which are not in use have no relevance and in the guise of similar colour combination the Plaintiffs cannot make a back-door entry through prior labels. It was submitted that annual report is not evidence of use and neither registration nor annual accounts are evidence for the same. It was submitted that the facts of the case may not be forgotten in the maze of judgements which have

been cited. It was submitted that all the decisions cited on behalf of the Plaintiff cause confusion and divert the Court from essential to non-essential factors. That all the maze of case law is source of confusion and an attempt to deviate the attention of the Court to the non essentials. It was also submitted that no case of trans-border reputation is pleaded in the plaint and neither was the same argued before the Trial Court. It was submitted that trans-border reputation has to be established by pleadings and proof. In conclusion, it was submitted that the Plaintiffs have no prima facie case and are not entitled to grant of injunction and that no interference is called for in the exercise of discretion by the Trial Court.

13. After the hearing was concluded, both the sides have also submitted detailed written submissions, which have also been perused and considered. This matter was heard at length at the admission stage on a day-to-day basis during the vacation. All the learned counsel appearing for the respective parties made detailed submissions on the issues in question. Hence, with the consent of the learned counsel for the parties, this matter is being decided finally by this judgement.

14. In the light of the arguments advanced by the learned Counsel for the parties, the following points can be said to arise for consideration:-

1. Whether this court as an appellate court should interfere with the exercise of discretion by the Trial Court?

2. Whether the Plaintiffs have established prior use?

3. Whether the pleadings as regards claim of prior use are ambiguous?

4. Whether the two marks are deceptively similar?

5. Whether the Plaintiffs' trade dress is distinctive of its products?

6. Whether the Plaintiff has a prima facie case and as to in whose favour the balance of convenience tilts?

7. Whether the Plaintiff is entitled to the grant of injunction?

15. As regards the first question, interference would be called for only if this Court reaches the conclusion that the exercise of discretion by the Trial Court is contrary to the settled principles of grant of a temporary injunction or that it is arbitrary or perverse.

15.1 In Wander Ltd. V. Antox India (P) Ltd. (1990) Supp SCC 727 the factors to be considered for grant of an interlocutory injunction in a passing-off action and the scope of interference by the appellate court with the exercise of discretion of the court of first instance, were summarized and reiterated as under:

> *"14. The appeals before the Division Bench were against the exercise of discretion by the Single Judge. In such appeals, the appellate court will not interfere with the exercise of discretion of the court of first instance and substitute its own discretion except where the discretion has been shown to have been exercised arbitrarily, or capriciously or perversely or where the court had ignored the settled principles of law regulating grant or refusal of interlocutory injunctions. An appeal against exercise of discretion is said to be an appeal on principle. Appellate court will not reassess the material and seek to reach a conclusion different from the one reached by the court below if the one reached by that court was reasonably possible on the material. The appellate court would normally not be justified in interfering with the exercise of discretion under appeal solely on the ground that if it had considered the matter at the trial stage it would have come to a contrary conclusion. If the discretion has been exercised by the trial court reasonably and in a judicial manner the fact that the appellate court would have taken a different view may not justify interference with the trial court's exercise of discretion."*

15.2 In S.M. Dyechem Ltd. V. Cadbury (India) Ltd., the Supreme Court has held that if wrong principles are applied by the Trial Court under Order 39 Rule 1 of the Civil Procedure Code, the appellate court can certainly interfere in interlocutory proceedings under Order 39 Rule 1 of the Code. That, when the Trial Court while

refusing temporary injunction applied wrong principles, the High Court could certainly interfere.

15.3 It has been contended on behalf of the Plaintiffs that an Appeal from Order is a first appeal from an interlocutory order under Section 104 read with Order 43 of the Code of Civil Procedure and that as per Order 43, Rule 2, the Rules of Order 41 (First Appeal) shall apply so far as may be to Appeals from Orders. Therefore, a duty is cast on the Court in an Appeal from Order to reassess the complete evidence, as if, it is a Court of first instance and if it finds after such reassessment that the discretion has been exercised by the Trial Court reasonably and in a judicial manner, it would not interfere even if it has a different view of the matter. If on the other hand on reassessment of evidence it finds that the discretion has been used arbitrarily, capriciously or perversely that is to say no reasonable person would have, based on the material, reached that conclusion which is arrived at by the Trial Court, the Appellate Court would have to interfere and set aside the order.

15.4 This is an appeal preferred by the appellant against the order of the Trial Court refusing to grant temporary injunction. This Court will not lightly interfere with the order of the Trial Court unless the order is shown to be perverse, capricious or unjust. Similarly, the Court will

have to consider whether the Trial Court, while dealing with the matter has properly exercised its discretion. Keeping in view the scope of appeal against the order of temporary injunction as clarified by the rulings quoted above, the Court will have to assess the merits of the contentions of both sides in this appeal.

16. Point No.2 and 3 are closely interwoven; hence, the same are taken up together.

16.1 The main plank of the Defendants' objections is that the pleadings are ambiguous and that it is not clearly stated in the plaint as to since when the label in respect of which passing off is alleged was put into use by the Plaintiff and that in absence of any clear pleadings to that effect the Plaintiffs had failed to establish prior use and were thus not entitled to the grant of injunction. It is alleged by the Defendants that the Plaintiffs have been changing their labels from time to time hence; it would be the last label, which would be the label in respect of which the action of passing off has been instituted. It is also alleged that from the evidence on record there is nothing to show that the last label adopted by the Plaintiffs was put into use prior to October 2004, i.e. the time when the Defendant adopted the impugned label. The contention raised by the Defendants is that the Plaintiffs have based their case only on passing off and not on infringement; hence, the relevant label is the

last label. That all prior labels, which are not in use, have no relevance and in the guise of similar colour combination the Plaintiff cannot make a back-door entry through prior labels.

16.2 Upon perusal of the impugned order of the Trial Court, it appears that the case before the Trial Court has proceeded on the footing that passing off action is in respect of the gold and purple trade dress of the Plaintiffs and not merely of the last label adopted by the Plaintiff. In fact the Plaintiffs' case is based upon the fact that the purple and gold combination is peculiar to its Cadbury Diary Milk chocolates and it is the infringement/passing off of this trade dress which has been alleged. Had it been otherwise, there was no need for the Trial Court or the Defendants to go into the question as regards the production or non-production of the label of 1994 along with the plaint.

16.3 It would therefore, be necessary to examine on the basis of the pleadings in the plaint as well as the evidence on record as to whether the Plaintiffs are able to establish prior use in respect of its purple and gold trade dress.

16.4 The Trial Court has held that the Plaintiffs have come with ambiguous pleadings, hence it would be necessary to refer to the pleadings to find out the correctness of the said finding arrived at by the Trial Court. The case of the Plaintiffs as regards user of the gold and

purple trade dress is reflected in paragraphs 13 to 16 of the plaint, which read as under:

"13. In or about June 1994, the 2nd plaintiff modified the soft chocolate cream centre of CADBURY'S CHOCOLATE ECLAIRS with CADBURY DAIRY MILK milk chocolate centre which is a milk chocolate of a particular specification unique to the Cadbury Schweppes Group, the unique characteristic being that the chocolate is processed directly from cows milk along with the other ingredients. In keeping with the traditional trade dress of purple and/or purple and gold always associated with CADBURY DAIRY MILK milk chocolate of the Cadbury Schweppes group companies a new design of the trade dress of Gold and Purple was devised for the product which was relaunched to the consumers as CADBURY DAIRY MILK ECLAIRS. The new wrapper with the gold and purple colour scheme was devised for the 2nd plaintiff by Lintas India Ltd. The advertising agency of 2nd plaintiff and consideration was paid in respect of the artistic work by the 2nd plaintiff. The plaintiffs crave leave to refer to and rely upon a copy of the label when produced.

14. In or about March 1998, the 2nd plaintiff engaged the services of Ogilvy & Mather Private Limited, Mumbai (hereinafter referred to as "O&M") an advertising company, for creating an artistic work, which was to be used by the 2nd plaintiff as a label mark. One, Mr.Siddharth Dutta, an employee of the said O & M in the course of his employment and as an employee of the said company, created an artistic work, which artistic work was used as a wrapper or a label in which the 2nd plaintiff confectionery "Cadbury Dairy Milk Eclairs" was packed and sold. The 2nd plaintiff have made the necessary payment to O&M for getting the aforesaid work created and by a Deed of Assignment the said O&M assigned their copyright in the said artistic

work in favour of the 2nd plaintiff. Annexed hereto is the said label created by Ogilvy & Mather-Private Limited, marked as Exhibit 8.

15. In or about September 2003, the 2nd plaintiff engaged the services of Contract Advertising (India) Private Limited, Mumbai (hereinafter referred to as "Contract India") an advertising company, for creating a new artistic work, which was to be used by the 2nd plaintiff as a label mark for its product "Cadbury Dairy Milk Eclairs". Mr.Sunil Khairnar, an employee of the said Contract India in the course of his employment and as an employee of the said Company, created an artistic work which was a slight variation of the earlier artistic work while retaining the gold and purple colour scheme, which artistic work was used as a wrapper or a label in which the 2nd plaintiff confectionery "Cadbury Diary Milk Eclairs" is presently packed and sold. The 2nd plaintiff has made the necessary payment to the said Contract India for getting the aforesaid artistic work created and by a Deed of Assignment the said Contract India has assigned their copyright in the said artistic work in favour of the 2nd plaintiff. Annexed and mark as Exhibit-9 is the said artistic work as a wrapper or label in respect of the 2nd plaintiff products.

16. The plaintiffs state that their trade dress for their chocolate products and products containing chocolate such as Eclairs has consistently been the purple and gold colour combination, bearing the registered trademark CADBURY in a distinctive stylized form on it. Similarly the plaintiffs and its group companies the world over have been using the purple and gold colour combination on their labels of chocolate confectionery products, including the 2nd plaintiff's ECLAIRS having the distinctive DAIRY MILK milk chocolate centre. The said label has a distinctive colour scheme, get up and lay out. The device, which is the subject matter

of the plaintiffs' application No.1339185 appears on the said label in the center. The said label has been extensively used by the 2nd plaintiff. A statement of sales in respect of the 2nd plaintiff's goods sold under the said label mark is filed in this Hon'ble Court along with the plaint. The plaintiffs advertised the said products under the said trade marks and label marks on an extensive scale. A statement of the sales and publicity / sales promotion expenses incurred by the plaintiffs is annexed as EXHIBIT-10."

16.5 It has been contended on behalf of the Plaintiffs that there is no ambiguity in its pleading and that the observation of the Trial Court in paragraph 112 of the judgement that the Plaintiff has not pleaded prior use in the plaint, but has pleaded the same in the subsequent affidavit is ex-facie perverse since there is a specific pleading in respect of user of gold and purple trade dress in paragraph 13 of the plaint. It was further contended that the mere fact that the 1994 label was not produced with the plaint and produced along with the list of documents produced with the rejoinder cannot imply that there is ambiguity in pleadings. It was also submitted that the observation of the Trial Court in paragraph 113 of the judgement that the Plaintiff has not pleaded as to when the Plaintiff started using the present label is perverse since the Plaintiff has specifically stated in the plaint the in September 2003, Plaintiff adapted the label through Contract Advertising and since then has been using the said label. It was also contended that this

apart, the actual user of the present label is not relevant since the Plaintiffs are claiming priority on the basis of the trade mark and trade dress in the form of gold and purple colour combination and distinctive get-up adopted since 1994 and the subsequent labels are mere adaptations and that the label adapted and used since 2003 was produced at Exh-9 to the plaint.

16.6 On a plain reading of the facts stated in the paragraphs 13 to 16 of the plaint, it is clear that it is the case of the Plaintiffs that they have adopted the gold and purple trade dress in 1994 which is distinctive of its Cadbury Diary Milk Chocolate products, when they changed the centre of Cadbury Chocolate Éclairs with Cadbury Diary Milk chocolate. That, Lintas India Ltd. devised the initial label in 1994. In 1998, the artistic work was created by Ogilvy and Mather Private Limited, Mumbai and the said artistic work was used as a wrapper or label in which the 2nd Plaintiff's confectionary, Cadbury Diary Milk Éclairs was packed and sold. That, in September 2003, an artistic work which was a slight variation of the earlier artistic work, while retaining the gold and purple colour scheme, was created by Contract Advertising (India) Private Limited, which was used as a wrapper or a label in which the 2nd Plaintiff's confectionary Cadbury Diary Milk Éclairs is presently packed and sold. Thus, though it may

not have been stated in exact words as to since when the 2nd Plaintiff started using the aforesaid labels but the say of the Plaintiff as regards the initial use from 1994, then subsequent variation in 1998 and lastly in 2003, all the while retaining the gold and purple colour scheme is quite clear from the pleadings in the plaint. In the case of Syed Dastagir v. T.R. Gopalakrishna Setty reported in (1999) 6 SCC 337, the Supreme Court has held as follows:

> *"In construing a plea in any pleading, courts must keep in mind that a plea is not an expression of art and science but an expression through words to place fact and law of one's case for relief. Such an expression may be pointed, precise, sometimes vague but still it could be gathered what he wants to convey through only by reading the whole pleading depending on the person drafting the plea. In India most of the pleas are drafted by counsel hence the aforesaid difference in pleas which inevitably differ from one to the other. Thus, to gather the spirit behind the plea it should be read as a whole. This does not distract one from performing his obligations required under a statute. But to test whether he has performed his obligations, one has to see the pith and substance of a plea. Where a statute requires any fact to be pleaded then it has to be pleaded maybe in any form. The same plea may be stated by different persons through different words; then how could it be constricted to be only in any particular nomenclature or word. Unless a statute specifically requires a plea to be in any particular form, it can be in any form."*

> The Supreme Court in the case of Hari Singh v. Kanhaiya Lal, (1999) 7 SCC 288, while dealing with the question of sub-letting, wherein the testimony of witnesses was rejected by the High Court mainly on the basis that there was no detailed pleading pertaining to the period of sub-tenancy and even the witnesses had not produced any receipt of payment of rent, observed as follows*: "It is not in dispute that there is pleading that the premises were sub-let. The details, if any, can be supplemented through evidence.*"

16.7 Insofar as the question of ambiguity of pleadings is concerned the Trial Court has dealt with the same in paragraph 112, 113 and 117 of the judgement which read as under:

> *"112. In the reply, on the point of prior use, the learned senior counsel for the plaintiffs has drawn my attention towards the affidavit filed by the plaintiff, wherein they have stated that when they have started the actual use of the impugned label. In my humble view, the affidavit filed by the plaintiff cannot be said pleadings, but it is an evidence and when there is no clear pleadings regarding the actual use of the impugned label, then the evidence is of no use. Even the plaintiffs' written submission does not disclose that when the plaintiffs have started actual use of the impugned wrapper. On the contrary, the stress by the*

> *plaintiffs is on the point that the defendants have admitted in their written statement para 24.14 that they have started use of their label in October 2004. But, it is needless to say that in order to succeed, the plaintiffs have to prove their case and they cannot rely on any weakness of the defendants. The same view is also taken by the Apex Court in the case of reported case in AIR 2003 SC 1905 in the case of Bondar Singh Vs. Nihal Singh, wherein it is held that if there is no pleading, no proof is allowed.*
>
> *113. I also find much substance in the submission of the learned senior counsel for the defendants that the plaintiffs have not pleaded in the plaint when the plaintiffs have actually started use of new label.*
>
> *117. The maxim "Ambiqua responsio contra proferentem est accipienda (An ambiguous answer is to be taken against the party who offers it) and Ambiquitas Vervirum patens nulla verificatione excluditur [A patent ambiguity is never removed by extriusic evidence.] are applicable to the facts of the present case. When the plaintiffs themselves are not clear that when the new label came into use, in my view, the plaintiffs have failed to establish their prior use."*

As can be seen, the Trial Court has not bothered to refer to paragraph 13 to 16 of the plaint. The only reason given to discard the pleading as regards use of the label is that the Plaintiffs are not clear in their pleadings as to when the new label came into use. The Trial Court has observed that there is no clear pleading

regarding actual use of the impugned label and that even the Plaintiffs' written submission does not disclose as to when the Plaintiffs have started actual use of the impugned label. In fact as rightly pointed out by the learned Counsel for the Plaintiffs that it is the label of the Defendants that is impugned and not that of the Plaintiffs. The Trial Court has relied upon the decision of the Apex Court in the case of Bondar Singh v. Nihal Singh (2003)4 SCC 161, wherein it has been held as follows:

> *"7. As regards the plea of sub-tenancy (shikmi) argued on behalf of the Defendants by their learned Counsel, first we may note that this plea was never taken in the written statement the way it has been put forth now. The written statement is totally vague and lacking in material particulars on this aspect. There is nothing to support this plea except some alleged revenue entries. It is settled law that in the absence of a plea no amount of evidence led in relation thereto can be looked into. Therefore, in the absence of a clear plea regarding sub-tenancy (shikmi), the Defendants cannot be allowed to build up a case of sub-tenancy (shikmi). Had the Defendants taken such a plea it would have found place as an issue in the suit. We have perused the issues framed in the suit. There is no issue on the point."*

The reliance on the aforesaid decision by the Trial Court appears to be misconceived, because it is nobody’s case that there is no plea regarding prior use. The very fact that passing off is alleged, encompasses within its fold the

plea of prior use. Moreover, the issue regarding prior use has been discussed and dealt with by the Trial Court itself. In fact there appears to be a misconception on the part of the Trial Court, since ambiguity of pleadings was contended only on the ground that the exact date of actual user of the label was not stated and not that there is no plea as regards prior use.

16.8 In the aforesaid premises the issue that is required to be addressed is as to whether pleadings can be said to be ambiguous merely on the ground that the Plaintiffs had not stated the actual date since when the label had been put to use in the plaint. As held by the Apex Court in the case of Hari Singh (supra) once there is a pleading, the details, if any, can be supplemented through evidence. Upon perusal of paragraphs 13 to 16 of the plaint, it is clear that the it is the case of the Plaintiffs that the 2nd Plaintiff has started using the gold and purple label from 1994 when it changed the centre of its chocolate éclair to Cadbury Diary Milk Chocolate in keeping with the trade dress of the Cadbury Schweppes group of companies in respect of its dairy milk products and that there were slight variations in the artistic work on the said label from time to time, firstly in 1998 and then in September 2003, all the while retaining the gold and purple colour scheme. Hence, the finding of the Trial Court that there is ambiguity in the pleadings is

erroneous and contrary to the record of case. Point No.3 is determined accordingly.

17. As regards the issue of prior use, it is a settled legal position that in an action of passing off, it is a sine qua non for the Plaintiff to prima facie establish prior use, it being one of the most essential ingredients thereof. The law on this point is laid down in the case of Duncans Agro Industries Ltd. V. Somabhai Tea Processors (P) Ltd. (supra) wherein this Court relying upon decisions of different High Courts has held that "*The aforesaid judgements clearly show that a trader who first goes to the market with his product under a particular trade mark or trade name as a distinctive mark, gets the proprietary right to use that mark, to the exclusion of others, irrespective of the length of user or extent of his business. As is clear from the judgement rendered by M.P. Thakkar J. in Appeal from Order No.84 of 1973, even if the Plaintiff's user was only few months prior to that of the Defendant, the Plaintiff would be entitled to an injunction restraining the Defendant from using that mark or a similar mark.*"

17.1 It is an admitted fact that the Defendant has started using the impugned label from October 2004, hence, applying the aforesaid principles to the facts of the present case, the Plaintiff has to only establish user of the trade dress in respect of which passing off is alleged, prior

to October 2004.

17.2 At the cost of repetition it may be stated that it is the case of the Plaintiff that it has adopted the gold and purple label for its Cadbury Diary Milk Éclairs since 1994, ever since it changed the centre of its chocolate éclairs to Dairy Milk Chocolate and that there has been an adaptation of this trade dress retaining the same colour combination in 1998 and September 2003. A great deal of stress has been laid on the fact that the Plaintiffs had not produced the label of 1994 with the list of documents along with the plaint but with the list of documents produced with the rejoinder, both by the Defendant as well as the Trial Court. It is settled legal position as held by the Supreme Court in the case of Gurdial Singh v. Raj Kumar Aneja (2002) 2 SCC 445, that Order VIII Rule 9 of the Code of Civil Procedure prohibits any pleadings subsequent to the written statement of a Defendant being filed other than by way of defence to a set-off or counterclaim except by the leave of the court upon such terms as the court thinks fit. However, in the facts of the present case it appears that both the parties have by consensus chosen a different course of action, as is reflected in paragraph 3(iii) of the order dated 7.4.2005 passed by this court in the appeal from order challenging the ex-parte ad-interim relief granted by the Trial Court, which reads as under:

> *"(iii) The appellants will file their written statement before the Trial Court on or before 15th April 2005. The respondents will file their rejoinder on or before 19th April 2005."*

Hence, it is by consensus that the rejoinder affidavit has been taken on record along with the list of documents annexed therewith. Once having permitted the Plaintiffs to file a rejoinder and place on record a further list of documents, it was not open to the Defendants to contend that the same cannot be taken into consideration, nor was it open to the Trial Court to ignore the said evidence on record. Even subsequent to the filing of the rejoinder affidavit, further affidavits and lists of documents have been filed by both the sides, which have been referred to and relied upon by the parties as well as by the Trial Court.

17.3 On the point of prior use, the learned Counsel for the Plaintiff had drawn the attention of the Trial Court to the affidavit filed by the Plaintiff, wherein they had stated as to when they have started the actual use of the label, however, the same has been brushed aside by the Trial Court on the ground that the affidavit cannot be said to be a pleading but that the same is in the nature of evidence. That, when there is no clear pleading regarding actual user, the evidence is of no use.

17.4 As the record reveals, the Plaintiff had also produced the following evidence to establish prior use:

1. Excise Invoices showing the removal of "Cadbury Diary Milk Éclairs" of the year 1994 in support of its case that the said confectionary item had been introduced for the first time in 1994,

2. Invoices of advertisement of Cadbury Diary Milk Eclairs on television,

3. Gold and purple labels adopted in 1994, 1998 and 2003,

4. Invoice of Contract Advertising dated 27th August 2003 in respect of the label adapted in 2003,

5. Photograph in Annual Report for 1992-93 showing Cadbury's Chocolate Eclairs in Orange and Brown wrapper.

6. Photograph in Annual Report for 1995, showing Cadbury Diary Milk Eclairs in Gold and Purple colour

17.5 It is the specific case of the Plaintiff that it has adopted the gold and purple label since 1994 when it modified the soft chocolate cream centre

of Cadbury's Chocolate Éclairs with chocolate of a particular specification which was processed directly from cows milk along with the other ingredients and relaunched the same as Cadbury Diary Milk Eclairs. It is the case of the Plaintiffs that the new wrapper with the gold and purple colour scheme was devised by Lintas India Ltd. The label so devised is produced with the list of documents produced with the rejoinder affidavit. The Plaintiffs have also produced telecast certificates dated June 1994 in respect of its Éclairs wherein the agency is Lintas India (Bombay). The Plaintiff has also produced the excise invoices of September 1994 wherein the product description is Cadbury's Diary Milk Eclairs. The photographs in the Annual Reports clearly show the wrappers in 1992-93 to be brown and orange and in 1995 to be gold and purple. It is true that it is not possible to discern from the telecast certificates and the excise invoices that the label of the said product was gold and purple, in colour, but the cumulative effect of all the evidence read together along with the pleadings certainly points towards the adoption of the gold and purple label with effect from 1994. However, it is unfortunate that the Trial Court has not even cared to discuss the aforesaid evidence which is relevant and has material bearing on the controversy. The Trial Court has brushed aside the evidence on the specious ground that the there is no clear pleading regarding actual use of the impugned label. The

evidence in the form of excise invoices has been discarded by placing reliance upon the decision of the Supreme Court in the case of Uniply Industries vs. Unicorn Plywood Limited (supra), wherein the declaration made before the excise authorities had been found to be dubious by the High Court.

17.6 There is another aspect of the matter, as pointed out by the learned Counsel for the Plaintiff from the evidence produced by the Defendants in the form of copies of poly pouches of the Plaintiffs' Cadbury Diary Milk Éclairs in respect of the various adaptations of its gold and purple wrappers, wherein, in at least two cases, the date of packaging is clearly discernible. The copy of a poly pouch at page 235 bears the date of packing :12/03 and that at page 237 bears the date of packing : 10/04. A bare perusal of the said copies of the poly pouches show the trade dress of the Plaintiffs' Cadbury Diary Milk Eclairs to be gold and purple as stated by the Plaintiffs. Thus, even on the basis of the evidence placed on the record by the Defendants it is clear that at least in December 2003, the Plaintiffs were using the gold and purple colour scheme for its Cadbury Diary Milk Eclairs. It is true that the same was not pointed out to the Trial Court, but the same formed part of the record before the Trial Court. Maybe that an isolated piece of evidence may not appear to have any importance, but when the entire material on record is taken into

consideration the cumulative effect of the same would definitely go to establish the use of the gold and purple trade dress by Plaintiff, at least from December 2003, which is prior to the use by the Defendant, who admittedly commenced the use of the impugned label from October 2004. Thus, the finding of the Trial Court that the Plaintiffs have not established prior use suffers from legal infirmity in that it has not considered the material on record and has not assigned any reasons for discarding the same, which can be said to be both arbitrary and perverse. Once it is found that the Trial Court has ignored relevant material on record it is not possible to state as to what extent its mind was vitiated while arriving at the final conclusion and in the circumstances the order cannot be permitted to stand insofar as this issue is concerned. Point No.2 is decided accordingly.

18. As regards the question as to whether the two marks are deceptively similar, it is the say of the Plaintiffs that the test to be applied in a passing off action is the similarity between the competing marks and to determine whether there is likelihood of deception or causing confusion; whereas it is the case of the Defendants that the Defendants may escape liability if they can show that the added matter is sufficient to distinguish their goods from those of the Plaintiffs.

18.1 As regards the position of law in that regard,

it would be necessary to refer to the case law in respect of the same. On behalf of both the sides several decisions have been referred to and relied upon as stated hereinabove, and the Court has perused the same, however, with a view to avoid prolixity, it is not found necessary to discuss all of them.

1. The decision in the case of Kaviraj Pandit Durga Dutt Sharma v. Navratna Pharmacy (supra), wherein the Apex Court was concerned with the validity of the respondent-firm's claim as registered proprietor of a Trade Mark 'Navratna Pharmaceutical Laboratories' used by it on its medicinal preparations, was relied upon on behalf of the Defendants, and more particularly the last few lines of paragraph 28 thereof which read as under:

> " *Expressed in another way, if the essential features of the trade mark of the Plaintiff have been adopted by the Defendant, the fact that the get-up, packing and other writing or marks on the goods or on the packets in which he offers his goods for sale show marked differences, or indicate clearly a trade origin different from that of the registered proprietor of the mark would be immaterial; whereas in the case of passing off, the Defendant may escape liability if he can show that the*

added matter is sufficient to distinguish his goods from those of the Plaintiff."

The Plaintiffs have relied upon the following observations in paragraphs 28 and 29 of the said decision:

"……..But this apart, as the question arises in an action for infringement the onus would be on the Plaintiff to establish that the trade mark used by the Defendant in the course of trade in the goods in respect of which his mark is registered, is deceptively similar. This has necessarily to be ascertained by a comparison of the two marks -the degree of resemblance which is necessary to exist to cause deception not being capable of definition by laying down objective standards. The persons who would be deceived are, of course, the purchasers of the goods and it is the likelihood of their being deceived that is the subject of consideration. The resemblance may be phonetic, visual or in the basic idea represented by the Plaintiff's mark. The purpose of the comparison is for determining whether the essential features of the Plaintiff's trade mark are to be found in that used by the Defendant. The identification of the essential features of the mark is in essence a question of fact and depends on the judgment of the Court based on the evidence led before it as regards the usage of the trade. It should, however, be borne in mind that the object of the enquiry in ultimate analysis

is whether the mark used by the Defendant as a whole is deceptively similar to that of the registered mark of the Plaintiff."

2.On behalf of the Plaintiffs, the decision of the Apex Court in the case of Ruston and Hornby Ltd. v. Zamindara Engineering Co. (supra) was relied upon with special emphasis on the following:

"4.The distinction between an infringement action and a passing off action is important. Apart from the question as to the nature of trade mark the issue in an infringement action is quite different from the issue in a passing off action. In a passing off action the issue is as follows:

"Is the Defendant selling goods so marked as to be designed or calculated to lead purchasers to believe that they are the Plaintiff's goods?"

5. But in an infringement action the issue is as follows:
"Is the Defendant using a mark which is the same as or which is a colourable imitation of the Plaintiff's registered trade mark?"

It very often happens that although the Defendant is not using the trade mark of the Plaintiff, the get-up of the Defendant's goods may be so much like the Plaintiff's that a clear case of passing off would be proved."

"7. The two actions, however, are closely similar in some respects. As was observed by the Master of the Rolls in Saville Perfumery Ltd. v. June Perfect Ltd. (1941) 58 RPC 147 at p. 161:

"The Statute law relating to infringement of trade marks is based on the same fundamental

idea as the law relating to passing-off. But it differs from that law in two particulars, namely (1) it is concerned only with one method of passing-off, namely, the use of a trade mark, and (2) the statutory protection is absolute in the sense that once a mark is shown to offend the user of it cannot escape by showing that by something outside the actual mark itself he has distinguished his goods from those of the registered proprietor. Accordingly, in considering the question of infringement the Courts have held, and it is now expressly provided by the Trade Marks Act, 1938, Section 4, that infringement takes place not merely by exact imitation but by the use of a mark so nearly resembling the registered mark as to be likely to deceive." In an action for infringement where the Defendant's trade mark is identical with the Plaintiff's mark, the Court will not inquire whether the infringement is such as is likely to deceive or cause confusion. But where the alleged infringement consists of using not the exact mark on the Register, but something similar to it the test of infringement is the same as in an action for passing-off. In other words, the test as to likelihood of confusion or deception arising from similarity of marks is the same both in infringement and passing-off actions."

3. On behalf of the Plaintiffs reliance was also placed upon the following observations of the Supreme Court in the case of F. Hoffmann-La Roche and Co. Ltd. v. Geoffrey Manners and Co. Private Ltd. (supra)

"11. In Parker Knoll Ltd. v. Knoll International Ltd., 1962 RPC 265 at p. 274, Lord Denning explained the words "to deceive" and the phrase "to cause confusion" as follows:

"Secondly, 'to deceive' is one thing. To 'cause confusion' is another. The difference is this: When you deceive a man, you tell him a lie. You make a false representation to him and thereby cause him to believe a thing to be true which is false. You may not do it knowingly, or intentionally, but still you do it, and so you deceive him. But you may cause confusion without telling him a lie at all, and without making any false representation to him. You may indeed tell him the truth, the whole truth and nothing but the truth, but still you may cause confusion in his mind, not by any fault of yours, but because he has not the knowledge or ability to distinguish it from the other pieces of truth known to him or because he may not even take the trouble to do so."

The tests for comparison of the two word-marks were formulated by Lord Parker in Pianotist Co., Ltd.,'s application (1906) 23 RPC 774 at p. 777 as follows:

"You must take the two words. You must judge of them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact, you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks. If, considering all those circumstances, you come to the conclusion that there will be a confusion-that is to say, not necessarily that one man will be injured and the other will gain illicit benefit, but that there will be a confusion in the mind of the public which will lead to confusion in the goods-then you may refuse the registration, or rather you must refuse the registration in that case."

"It is necessary to apply both the visual and phonetic tests. In Aristoc Ltd. v. Rysta

Ltd., 1945 RPC 65 at p. 72, the House of Lords was considering the resemblance between the two words "Aristoc" and "Rysta". The view taken was that considering the way the words were pronounced in English, the one was likely to be mistaken for the other. Viscount Maugham cited the following passage of Lord Justice Luxmoore in the Court of Appeal, which passage, he said, he completely accepted as the correct exposition of the law :

"The answer to the question whether the sound of one word resembles too nearly the sound of another so as to bring the former within the limits of Section 12 of the Trade Marks Act, 1938, must nearly always depend on first impression, for obviously a person who is familiar with both words will neither be deceived nor confused. It is the person who only knows the one word and has perhaps an imperfect recollection of it who is likely to be deceived or confused. Little assistance, therefore, is to be obtained from a meticulous comparison of the two words, letter by letter and syllable by syllable, pronounced with the clarity to be expected from a teacher of elocution. The Court must be careful to make allowance for imperfect recollection and the effect of careless pronunciation and speech on the part not only of the person seeking to buy under the trade description, but also of the shop assistant ministering to that person's wants".

It is also important that the marks must be compared as whole. It is not right to take a portion of the word and say that because that portion of the word differs from the corresponding period of the word in the other case there is no sufficient similarity to cause confusion. The true test is whether the totality of the proposed trade mark is such that it is likely to cause deception or confusion or mistake in the minds of persons accustomed to the existing trade mark. Thus

in Lavroma case, Tokalon Ltd. v. Davidson and Co., 32 RPC 133 at p. 136, Lord Johnston said:

"*..... We are not bound to scan the words as we would in a question of comparatio literarum. It is not a matter for microscopic inspection, but to be taken from the general and even casual point of view of a customer walking into a shop.*"

It was submitted that the gist of passing off action is deception and confusion and the principles applicable for comparision of the marks (whether word mark or label mark or trade dress/getup), whether the marks are likely to deceive or create confusion as laid down in Ruston Hornby v. Zamindara (supra) is the same in infringement, passing off and registration of mark. Therefore, the above tests have to be applied for determining whether the two trade dresses are deceptively similar or not.

4. Reliance was also placed upon the following observations made by the Apex Court in paragraphs 7 and 9 in the case of Amritdhara Pharmacy v. Satya Deo (supra):

"*For deceptive resemblance two important questions are: (1) who are the persons whom the resemblance must be likely to deceive or confuse, and (2) what rules of comparison are to be adopted in judging whether such resemblance exists. As to confusion, it is perhaps an appropriate description of the state of mind of a customer who, on seeing a mark thinks that it differs*

from the mark on goods which he has previously bought, but is doubtful whether that impression is not due to imperfect recollection (See Kerly on Trade Marks, 8th edition, p. 400.)"

"9. …… A critical comparison of the two names may disclose some points of difference but an unwary purchaser of average intelligence and imperfect recollection would be deceived by the overall similarity of the two names having regard to the nature of the medicine he is looking for with a somewhat vague recollection that be had purchased a similar medicine on a previous occasion with a similar name. The trade mark is the whole thing-the whole word has to be considered. In the case of the application to register 'Erectiks' (opposed by the proprietors of the trade mark 'Erector') Farwell, J., said in William Bailey (Birmingham) Ltd.'s Application (1935) 52 R.P.C. 136:

"I do not think it is right to take a part of the word and compare it with a part of the other word; one word must be considered as whole and compared with the other word as a whole.....I think it is a dangerous method to adopt to divide the word up and seek to distinguish a portion of it from a portion of the other word."

It was contended that the above principle would apply irrespective of the fact that marks are word marks or trade dresses/get-up (label marks or composite marks). The overall effect on the mind of the customer who is likely to buy is to be seen.

5.Strong reliance was placed on the decision

rendered by a three Judge Bench of the Supreme Court in the case of Cadila Health Care Ltd., v. Cadila Pharmaceuticals Ltd., (supra), wherein the Court while dealing with an action of passing-off, had referred to its earlier decisions in the case of Amritdhara Pharmacy v. Satya Deo (supra), Kaviraj Durga Dutt v. N.P. Laboratories (supra) and S.M. Dyechem Ltd. v. Cadbury (India) Ltd. (supra) and stated as follows:

"On merits of the case, this Court took note of some English decisions and observed in Dyechem's case (supra) at page 594 (of SCC): (at p. 2183 of AIR SCW; 2123 of AIR and 1350 of CLC (para 31) that "where common marks are included in the rival trade marks, more regard is to be paid to the parts not common and the proper course is to look at the marks as a whole, but at the same time not to disregard the parts which are common". This Court sought to apply the principle that dissimilarity in essential features in devices and composite marks are more important than some similarity. This Court, after considering various decisions referred to hereinabove, observed in Dye-chem's case (supra) at page 596 (of SCC): (at pp. 2184-85 of AIR SCW, 2124 of AIR and 1351 of CLC) (para 34) as follows :

"Broadly, under our law as seen above, it can be said that stress is laid down on common features rather than on differences in essential features, except for a passing reference to a limited extent in one case."

Notwithstanding the aforesaid observations this Court in Dyechem's case (para 35) (supra) proceeded to observe as follows :

"It appears to us that this Court did not

have occasion to decide, as far as we are able to see, an issue where there were also differences in essential features nor to consider the extent to which the differences are to be given importance over similarities. Such a question has arisen in the present case and that is why we have referred to the principles of English Law relating to differences in essential features which principles, in our opinion, are equally applicable in our country."

18.We are unable to agree with the aforesaid observation in Dyechem's case (supra). As far as this Court is concerned, the decisions in the last four decades have clearly laid down that what has to be seen in the case of a passing off action is the similarity between the competing marks and to determine whether there is likelihood of deception or causing confusion. This is evident from the decisions of this Court in the cases of National Sewing Thread Co. Ltd.'s case (AIR 1953 SC 357) (supra), Com Products Refining Company's case (AIR 1960 SC 142) (supra), Amritdhara Pharmacy's case (AIR 1963 SC 449) (supra), Durga Dutt Sharma's case (AIR 1965 SC 980) (supra), Hoffmann-La Roche and Co. Ltd.'s case (AIR 1970 SC 2062) (supra). Having come to the conclusion, in our opinion incorrectly, that the difference in essential features is relevant, this Court in Dyechem's case (supra) sought to examine the difference in the two marks "Piknic" and "Picnic". It applied three tests, they being (1) is there any special aspect of the common feature which has been copied? (2) mode in which the parts are put together differently i.e. whether dissimilarity of the part or parts is enough to make the whole thing dissimilar and (3) whether when there are common elements, should one not pay more regard to the parts which are not common, while at the same time not

disregarding the common parts ? In examining the marks, keeping the aforesaid three tests in mind, it came to the conclusion, seeing the manner in which the two words were written and the peculiarity of the script and concluded that "the above three dissimilarities have to be given more importance than the phonetic similarity or the similarity in the use of the word PICNIC for PIKNIK".

19.With respect, we are unable to agree that the principle of phonetic similarity has to be jettisoned when the manner in which the competing words are written is different and the conclusion so arrived at is clearly contrary to the binding precedent of this Court in Amritdhara's case (AIR 1963 SC 449) (supra) where the phonetic similarity was applied by judging the two competing marks. Similarly, in Durga Dutt Sharma's case (AIR 1965 SC 980) (supra), it was observed that "in an action for infringement, the Plaintiff must, no doubt, make out that the use of the Defendant's mark is likely to deceive, but where the similarity between the Plaintiff's and the Defendant's mark is so close either visually, phonetically or otherwise and the Court reaches the conclusion that there is an imitation, no further evidence is required to establish that the Plaintiffs rights are violated."

20.Lastly, in Dyechem's case it was observed in Para 54 (of SCC) : (Para 53 of AIR SCW, AIR CLC) as under:

"As to scope of a buyer being deceived, in a passing-off action, the following principles have to be borne in mind. Lord Romer, L. J. has said in Payton and Co. v. Shelling, Lampard and Co., (1900) 17 RPC 48 that it is a misconception to refer to the confusion that can be created upon an

ignorant customer that the Courts ought to think of in these cases is the customer who knows the distinguishing characteristics of the Plaintiff's goods, those characteristics which distinguish his goods from other goods in the market so far as relates to general characteristics. If he does not know that, he is not a customer whose views can properly be regarded by the Court. (See the cases quoted in N. S. Thread and Co. v. Chadwick and Bros., AIR 1948 Madras 481 which was a passing-off action.) In Schweppes Case (1905) 22 RPC 601 (HL) Lord Halsbury said, if a person is so careless that he does not look and does not treat the label fairly but takes the bottle without sufficient consideration and without reading what is written very plainly indeed up the face of the label, you cannot say he is deceived."
These observations appear to us to be contrary to the decision of this Court in Amritdhara's case (AIR 1963 SC 449) (supra) where it was observed that the products will be purchased by both villagers and townfolk, literate as well as illiterate and the question has to be approached from the point of view of a man of average intelligence and imperfect recollection. A trade may relate to goods largely sold to illiterate or badly educated persons. The purchaser in India cannot be equated with a purchaser of goods in England. While we agree that in trade mark matters, it is necessary to go into the question of comparable strength, the decision on merits in Dyechem's case, 2000 AIR SCW 2172 : AIR 2000 SC 2114 : 2000 CLC 1338) (supra) does not, in our opinion, lay down correct law and we hold accordingly."

"31. Trade mark is essentially adopted to advertise one's product and to make it known to the purchaser. It attempts to portray the nature and, if possible, the quality of the product and over a period

of time the mark may become popular. It is usually at that stage that other people are tempted to pass of their products as that of the original owner of the mark. That is why it is said that in a passing off action, the Plaintiff's right is "against the conduct of the Defendant which leads to or is intended or calculated to lead to deception. Passing off is said to be a species of unfair trade competition or of actionable unfair trading by which one person, through deception, attempts to obtain an economic benefit of the reputation which other has established for himself in a particular trade or business. The action is regarded as an action for deceit." (See Wander Ltd. v. Antox India Pvt. Ltd., 1990 Suppl. SCC 727."

"33. The decisions of English Courts would be relevant in a country where literacy is high and the marks used are in the language which the purchaser can understand. While English cases may be relevant in understanding the essential features of trade mark law but when we are dealing with the sale of consumer items in India, you have to see and bear in mind the difference in situation between England and India. Can English principles apply in their entirety in India with no regard to Indian conditions? We think not. In a country like India where there is no single common language, a large percentage of population is illiterate and a small fraction of people know English, then to apply the principles of English law regarding dissimilarity of the marks or the customer knowing about the distinguishing characteristics of the Plaintiff's goods seems to overlook the ground realities in India. While examining such cases in India, what has to be kept in mind is the purchaser of such goods in India who may have absolutely no knowledge of English language or of the language in which the trade mark is written and to

whom different words with slight difference in spellings may sound phonetically the same. While dealing with cases relating to passing off, one of the important tests which has to be applied in each case is whether the misrepresentation made by the Defendant is of such a nature as is likely to cause an ordinary consumer to confuse one product for another due to similarity of marks and other surrounding factors. What is likely to cause confusion would vary from case to case."

6. In Cadila's case (supra) the Apex Court stated that in an action for passing off on the basis of unregistered trade mark generally for deciding the question of deceptive similarity the following factors are to be considered:

a) The nature of the marks i.e. whether the marks are word marks or label marks or composite marks, i.e. both words and label works.

b) The degree of resembleness between the marks, phonetically similar and hence similar in idea.

c) The nature of the goods in respect of which they are used as trade marks.

d) The similarity in the nature, character and performance of the goods of the rival traders.

e) The class of purchasers who are likely to buy the goods bearing the marks they require, on their education and intelligence and a degree of care they are likely to exercise in purchasing and/or using the goods.

f) The mode of purchasing the goods or placing orders for the goods and

g) Any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks.

Weightage to be given to each of the aforesaid factors depends upon facts of each case and the same weightage cannot be given to each factor in every case.

It was submitted on behalf of the plaintiffs that the above judgement lays down the principles for comparision in a passing off action and the material factors which should weigh in comparing trade dresses would be the overall effect the trade dress would have on an unwary customer of average intelligence and imperfect recollection, the price of product, the mode of purchasing the product and the class of customers, who are likely to buy the product. It was submitted that a product like a chocolate éclair priced at Re.1/- is sold throughout the length and breadth of India and would be purchased by people literate or illiterate, educated or uneducated, having knowledge or English or not, rich or poor. That, a large percentage of purchasers of éclairs are young children who are more easily susceptible to deception. Moreover, the product is sold through small shops including pan gallas where every opportunity is available to pass off one for the other.

7. On behalf of the Defendants apart from the decision of the Apex Court in the case of Kaviraj Durga Dutt Sharma (supra), reliance was also placed upon two decisions of the Delhi High Court (1) Kellogg Company v. Pravin Kumar Bhadabhai, 1996 PTC (16) 187 and (2)Pfizer Products Inc. v. B.L. & Company, 2002 (25) PTC 262.

18.2 Upon perusal of the aforesaid decisions, it appears that the legal position, enunciated by the Apex Court is that what has to be seen in the case of a passing off action is the similarity between the competing marks and to determine whether there is likelihood of deception or causing confusion. The Apex Court in Cadila's case (supra) has categorically held that in S.M. Dyechem's case (supra) the Court had incorrectly come to the conclusion that the differences in essential features are relevant. Thus, insofar as the principle to be applied in deciding the question of deceptive similarity are concerned, what has to be seen is the similarity in the competing marks as to whether there is likelihood of deception or causing confusion.

18.3 Applying the aforesaid test to the facts of the present case, the two wrappers/labels would have to be compared to find out the similarity in the competing marks to arrive at a conclusion as to whether there is any likelihood of deception or confusion.

18.4 As regards the principles for comparision of trade dress/getup where passing off is claimed on the basis of similarity of trade dress, the Plaintiffs have relied upon various decisions laying down the manner in which Courts have compared labels, wrappers, trade dress or get-up of the product in a passing off action:

(1)The decision of the Delhi High Court in the case of Colgate Palmolive Company v. Anchor Health and Beauty Care Pvt. Ltd was relied upon wherein it has been held as follows:

> *"52. It is the overall impression that customer gets as to the source and origin of the goods from visual impression of colour combination, shape of the container, packing etc. If illiterate, unwary and gullible customer gets confused as to the source and origin of the goods which he has been using for longer period by way of getting the goods in a container having particular shape, colour combination and getup, it amounts to passing off. In other words, if the first glance of the article without going into the minute details of the colour combination, getup or lay out appearing on the container and packing gives the impression as to deceptive or near similarities in respect of these ingredients, it is a case of confusion and amounts to passing off one's own goods as those of the other with a view to encash upon the goodwill and reputation of the latter.*
>
> *54. May be, no party can have monopoly over a particular colour but if there is substantial reproduction of the colour combination in the similar order either*

on the container or packing which over a period has been imprinted upon the minds of customers it certainly is liable to cause not only confusion but also dilution of distinctiveness of colour combination. Colour combination, get up, lay out and size of container is sort of trade dress which involves overall image of the product's features. There is a wide protection against imitation or deceptive similarities of trade dress as trade dress is the soul for identification of the goods as to its source and origin and as such is liable to cause confusion in the minds of unwary customers particularly those who have been using the product over a long period.

55. The difference in a style of the works appearing on the container or packing identifying its manufacturers by way of style, colour combination or textures or graphics is certainly significant or relevant for determining the overall imitation of the container but if a product having distinctive colour combination, style, shape and texture has been in the market for decades as in this case it is in the market since 1951 it leads to ineluctable inference of having acquired secondary meaning on account of its reputation and good will earner at huge cost."

56. It is not the diligent or literate or conscious customer who always remain conscious to the quality of goods he has been purchasing which determines an offence of passing off. It is the unwary, illiterate and gullible persons who determine by arriving at a conclusion whether the infringed goods are confusingly similar in colour combination, get up, lay out printed over the container or packing. If it is not so, then the offence of passing off

will cease to have its existence once the equity party choses a different trade name."

"57. Words "Colgate" and "Anchor" are distinct and have not an iota of similarities either in look or in sound. That is why the ingredients of trade dress, get up, colour combination, lay out of the container or packing acquire significance and relevance for determining the offence of passing off. This criteria flows from the concept of action of passing off developed over the year that it is the similarities and not the dissimilarities which go to determine whether the action for passing off is required or not. That is why in trade mark cases even the deceptive similarities are considered sufficient for infringement of trade mark. If similarities of trade dress are substantial from the look of the two goods, it comes within the misuse of passing off."

"59. Conscious imitation or substantial imitation of colour or get up or lay out of container again bear the design of the defendant in causing confusion in the minds of customer. The court is not required to find out whether there is confusion or deceptiveness. The test is whether there is likelihood of confusion or deceptiveness in the minds of unwary customers irrespective of dissimilarities in the trade name.

60. In the case of passing off and for that purpose infringement of trade mark which are already in existence, the second or for that purpose the subsequent comer has certain obligation to avoid unfair competition and become unjustly rich by encashing on the goodwill or reputation of the prior comer. They have to establish and bank upon on their own trade dress or

distinctive features so as to establish their own merit and reputation and attract the attention of the purchasing public and if there are no substantial dissimilarities of marks, colour combination, get up or lay out on the container or packing or covering of the goods of the prior comer these are likely to create confusion in the minds of customers between his goods and the goods of the prior comer in the market as underlying and hidden intention of the second comer is to encash upon the successful rival.

62. Significance of trade dress and colour combination is so immense that in some cases even single colour has been taken to be a trade mark to be protected from passing off action. Colour combination is a trade mark within the definition of the TMM Act as there is no exclusion in the definition. Even a single colour has been held to be a trade mark. There may be exception also. Exception is that where the colour cannot eb protected as the blue colour is for the Ink and red colour is for the lipstick. Red and white has nothing to do with the pink. Teeth as white line and Gum as Pink colour alone at least sometimes can meet the basic requirements as a trade mark. Colour depletion theory is unpursuasive only in cases where a blanket prohibition is being sought.

64. Even in changing competitive commercial complexion of Indian economy, the second comer is also required by giving his product a name and dress descriptive and fanciful in its own right and selling it on its own merit not by confusing the public into mistakenly purchasing his product for his competitor's and the second comer must create a reputation of its own and not trade on the goodwill of another

product already established at considerable cost and risks."

67. As regards the plea of the defendant that plaintiff are not entitled to interim injunction because of delay, laches and acquiescence in as much as notice was issued in July 1999 and action was brought in 2003, such a defence is not available as it is well settled principle of law that if use is found to be dishonest, delay or acquiescence has no relevance."

(2)In Tavener Rutledge Ld. v. Specters Ld, 1959 RPC 83, the High Court of Justice- Chancery Division observed as follows:

"It seems to me that one has to take into consideration people who have what is called imperfect recollection, as was pointed out in the case of Saville Perfumery Ld. v. June Perfect Ld. (1941) 58 RPC 147 at 174-5, and one has to allow for cases where the person who has not got the two tins side by side perhaps does not remember the Plaintiffs name accurately, or does not know that there are two different traders in the same line of business, or many others for that matter, and takes a casual glance at the tin and imagines that it is the kind of fruit drops that he wants, not entirely casually, but looking at it in the ordinary way that such a customer would go into a shop and see a pile of tins or something of that sort. Afterwards of course he may discover that they were not the ones he expected to get and he may raise objection, but it seems to me that it is a case of confusion if customers are induced to buy by a

recollection of the general get-up of the Plaintiffs' tin so that they purchase a tin of the Defendants' sweets by mistake, and I am bound to say that I have come to the conclusion that such confusion is not only possible but is likely."

(3)Reliance was also placed by the Plaintiffs upon the decision in the case of United Biscuits (U.K.) Limited v. ASDA Stores Limited (1997) RPC 513. The principles which emerge from the said decision, as are relevant for the purpose of the present case are that the long use of a particular distinctive get-up placed a special obligation on a competitor to avoid confusion; where the goods in question were familiar and inexpensive, the judge should first form his own provisional view as to the similarity of the goods in question; and that in aiming to avoid what the law would characterise as deception, the Defendant has nevertheless taken a conscious decision to live dangerously. This was not something which the court was bound to disregard.

(4)The decision in the case of Lever V. Goodwin (1887) 4 RPC 492, was cited for the proposition that "*No trader can adopt a trade mark so resembling that of a rival as that ordinary purchasers purchasing with ordinary caution are likely to be misled. It would be a mistake, however, to suppose that the resemblance must be such as would deceive persons who should see the two marks placed*

side by side. The rule so restricted would be of no practical use."

(5)In Colgate-Palmolive Ltd. v. K.F. Patron (1978) RPC 636 it was held as follows:

> *"The question for determination in an action for passing off by the use of a mark is whether the resemblance is likely to deceive. The authorities have established firmly that the persons to be considered in deciding this are all those who are likely to become purchasers provided they use ordinary care and intelligence. Products are frequently remembered by general impression than by a particular feature and it is sufficient if deception is likely to arise. It must not be assumed that a very careful or detailed examination will be made, for on a "side by side" comparision such as was made by the trial judge two products may differ materially whereas to the incautious purchaser or to the average casual purchaser the general set up and over-all colour scheme could cause confusion in his mind and lead him to believe that the two products are of the same manufacturer.*

(6)This Court in the case of Rupa and Co. Ltd. v. Dawn Mills CO. Ltd. has very aptly stated as to how the question of likely to deceive and likely to confuse can be determined:

> *"In substance it can be stated that in determining the question of likely to deceive or likely to cause confusion, it is necessary to assess the psychological reaction*

that mental association which the mark will generate in the mind of the average buyer when he buys the goods under normal circumstances and conditions in the trade. The area of conflict between the user of two marks in the case about existing trade mark by user of another marking is to be resolved by considering the fair and normal use of both the marks. It is all the more so where confusion or deception has to be assessed when the marks are used in relation to the same goods or same description of the goods. Expression likely to deceive or likely to cause confusion indicate that what is required to be considered and established while considering whether a particular mark infringes another mark is only a probability of deception or confusion and not actual deception or confusion in the minds of the buyers. Nor does the definition of deceptively similar or likely to cause confusion restricted in its scope to the particular type of confusion. If a person may buy goods seeing one mark thinking that it is the brand which is in his mind which in fact it is not the case, it may amount to confusion or deception. So also where a person looking at a mark may buy goods thinking that it is coming from the same source as some other goods bearing a similar mark which he is familiar with. The word 'likely' excludes the necessity of proving the injury to one or illicit benefit to others, before establishing the case of deceptive similarity. The test is not whether one man will be injured and the other will gain illicit benefit, but whether there will be a

confusion in the mind of public which will lead to confusion in the goods."

(7)With a view to point out that the Defendants trade dress is not deceptively similar to that of the Plaintiffs, strong reliance was placed on the decision of the Delhi High Court in Kellogg Company v. Pravin Kumar Bhadabhai, (supra) wherein while dealing with the said issue the Court observed as follows:

"21. That brings us finally to the question of the failing memory of the customer. The argument is that customer's have short memory and that if the trade dress is similar, the customers are likely to get confused.

22. It has now been held that there are limitations to the theory of imperfect memory. Halsbury's Laws of England (4th Ed) (Vol.48, para 139) says that this principle of imperfect recollection must not be pressed too far. It says:

"The Tribunal must bear in mind that the marks will not normally be seen side by side and guard against the danger that a person seeing the new mark may think that it is the same as one he has seen before, or even that it is a new or associated mark of the proprietor of the formal mark. However, the doctrine of imperfect recollection must not been pressed too far (Chappie Ltd.) vs. Spratt's Patent Ltd. (1954) 71 RPC 455 at 457). Marks are often remembered by general impressions of by same essential feature (De cordova Vick Chemical Co. (1951) 68 RPC 106 (PC) at 289 (on appeal 71 RPC 348 (CA)."

23. In fact in Scheweppes Ltd. Case above referred to, Lord Halsbury said "and if a person is so careless that he does not look, and does not, ... treats the lable fairly

but takes the bottle without sufficient consideration and without reading what is written very plainly indeed up – the face of the label on which the trade has placed his own name, then you certainly cannot say he is deceived – in fact, he does not care which it is. That would be the true interference which I think a person would draw from conduct so described."

24. Having dealt with the contention of imperfect memory of the customer, we shall now deal with the class of purchasers, which is also an important factor. Who are the persons who go to purchase "Kelloggs' Corn flakes? Prima facie, in our opinion, these people belong to a middle-class or upper middle class and above who are fairly educated in English and are able to distinguish "Kelloggs' and what is not "Kellogs". In American Jurisprudence (2d) (trade Marks) (Supp) para 19 (page 178), it is said that it is necessary to note the fact:

"That customers for fastners are sophisticated and discerning, that defendants acted with good faith."

25. The case was one were customers were purchasers of fasteners in the automobile industry. (Standard Pressed Steel Co. v. Midwest Chrome Process Co. LDC III (US PU 106"). Again Kerly, Law of trademarks (12th ed. 1980) (para 1706) says that:

"If the goods are expensive and not of a kind usually selected without deliberation, and the customers generally educated persons, these are all matters to be considered (Pianolist (1906) 23 RPC 774: Claudins Ash vs. Invica (1911) 28 RPC 597; 29 RPC 465 (CA) (HL) (dentists), Rysta (1943) 60 RPC 87).

26. In Pianolist's case (1906) (23) RPC-774, an application was made for the registration as a trade mark of the word "Neola" for "piano player, being a musical instrument

included in class 9". Coming to know of this application, the registered proprietors of the trade mark "Pianole" who were registered for all goods in class 9, opposed the above application for registration. The Registrar overruled the objection and ordered registration. On appeal, Justice Parker said that having regard to the kind of customers" for such goods and the distinction in the names, there was not likely to be any confusion and dismissed the appeal.

27. If that was so between "Neole" and "Pianole", the case of Kellogg's can AIMS, in our prima facie view, presents no difficulty for distinct identification. Parker J. in fact observed in the above case:

> *"Of course, one knows that the persons who buy these articles are generally persons of some education, ... my opinion is, having regard to the nature of the customer, the article in question and the price at which it is likely to be sold, and all the surrounding circumstances, no man of ordinary intelligence is likely to be deceived....."*
>
> *28. We are, on the facts of the case before us, prima facie of the same opinion in regard to Kelloggs and AIMS."*

(8)The Defendants have also relied upon the decision of the Delhi High Court in the case of Pfizer Products Inc. v. B.L. & Company (supra), however, the said decision was cited more in support of the contention that the term éclairs is a generic word and not distinctive of the Plaintiffs' product. In this regard, on behalf of the Plaintiff it has been stated that at this stage the Plaintiff is not necessarily claiming any monopoly in the term 'Éclair' per se

(assuming without admitting that it is descriptive) and is claiming that the respondent Defendant by adopting a trade dress which has an overall similarity to the trade dress of the Plaintiff is seeking to pass off the Defendant's chocolate éclairs as those of the Plaintiff. Hence, at this stage, it is not necessary to refer to and discuss the said decision as well as the other decisions relied upon by the Defendants to contend that the Plaintiff cannot claim proprietorship on descriptive or generic term 'Éclair'.

18.5 From the aforesaid decisions the following principles can be culled out in relation to how the similarities in competing marks should be compared:

- The question has to be approached from the point of view of a man of average intelligence and imperfect recollection;

- It is not the deligent or literate or conscious customer who always remain conscious to the quality of goods which he has been purchasing which determine the offence of passing off. It is the unwary, illiterate and gullible persons who determine by arriving at a conclusion whether the infringed

goods are confusingly similar in colour combination, get up, layout printed over the container or packing;

- Products are frequently remembered by general impression than by a particular feature and it is sufficient if deception is likely to arise.

- If a person may buy goods seeing one mark thinking that it is the brand which is in his mind, which in fact it is not the case, it may amount to confusion or deception;

- The resemblance need not be such as would deceive persons who should see the two marks placed side by side.

- The necessity of proving the injury to one or illicit benefit to others, before establishing the case of deceptive similarity is excluded. The test is not whether one man will be injured and the other will gain illicit benefit, but whether there will be a confusion in the mind of public which will lead to confusion in the goods.

18.6 The Apex Court in Cadila's case (supra) has stated the factors that have to be generally considered in an action for passing off on the basis of unregistered trade mark, for deciding the question of deceptive similarity which have already been reproduced hereinabove. What is required to be seen is how the Trial Court has applied the said principles.

18.7 The Trial Court held that the words "CHOCO" and "ECLAIRS" both are generic names and describe products and it is so popular in the chocolate confectionary items that no one can be misled by the said name. Insofar as the use of generic terms is concerned, the Plaintiff is at this stage not claiming any monopoly over the term éclairs. Hence, that issue need not be gone into.

18.8 The Trial Court has further held that the words "Cadbury" and "Candyman" do not have any phonetic or visual similarity except the letter "C". That, the word "Cadbury" is written in cursory writing and in stylish manner by the Plaintiff, while the Defendants are using the word "Candyman" in different and more bigger font and, therefore, there is hardly any similarity, which may lead to confusion in the mind of purchasers. The Trial Court after considering various decisions was of the view that in the case of a passing off action what has to be seen is the similarity between the

competing marks to determine whether there is any likelihood of deception or causing confusion. Referring to the principles laid down by the Apex Court in Cadila's case (supra), the Trial Court held that "*Even if this test is applied, it will be difficult to say that there can be any confusion or deceptive similarity in the wrapper used by the Defendants and therefore, in my view, the Plaintiffs have failed to establish their case of passing off.*" The Trial Court has observed that, "*In the present case, the Plaintiffs have come out with the case that they are using their wrappers in golden and purple colours, while the Defendants are using their wrappers in golden colour. The purple colour is used on the side of the wrapper, which is twisted and, therefore, the Defendants' packing would cause confusion in the mind of purchasers or there is likelihood of deception or confusion in the mind of purchasers and because of the confusion, the Defendants' goods may pass off as the goods of the Plaintiffs. During the course of arguments, I have asked the learned Advocate for the Plaintiffs that the Plaintiff's company have applied for the registration of the purple colour whether they have applied for golden colour anywhere worldwide, but he has fairly admitted that they have not applied for the golden colour. In my view, therefore, that the whole stress of the Plaintiff-company is on the purple colour and not on the golden colour and I do not find any such combination of purple*

colour in the label of the Defendants' company which can cause deception or confusion in the minds of purchasers."

18.9 The Trial Court referred to the decision of Colgate Palmolive (supra) and observed that "*The said case also said that no party have monopoly over particular colour but if there is substantial reproduction of the colour combination or packing which over a period has been imprinted upon the minds of customers it certainly is liable to cause not only confusion but also illusion……. If said test is applied to the present case, it is difficult to believe that the wrapper of the Defendants would cause any confusion.*" The Trial Court has further observed as follows:

> "*The Apex Court in case of Kaviraj Pandit Durga Dutt Sharma (supra) has held that in the case of passing off, the Defendant may escape liability if he can say that the added matter is sufficient to distinguish his goods from that of the Plaintiffs. The Plaintiff is using both purple and golden colour. Purple colour appears on both sides of wrapper. It occupies about 40% of their label. Though wrapper is twisted for packing, the purple colour is visible. The Defendants' wrapper is of golden colour. It has no such colour combination. Only fonts are in purple. Thus, the absence of purple colour in the label of the Defendants is sufficient to distinguish its goods from the goods of the Plaintiff. In my view, to distinguish the colour, one is*

not required to be more than average intelligent. In the present case independent survey is carried out by M/s IMRB Ltd., independent professional company to find out that there is any confusion between two products and it has found that there is no such confusion which could be found in the case of deceptive similarity. I do not find any reasonable explanation from the Plaintiff. Thus, there is a prima facie independent evidence against the Plaintiff. Even a child can easily distinguish this feature and, therefore, I am of the strong view that there is no deceptive similarity between the trade dress of the Plaintiffs and that of Defendants, which may cause or likely to cause any deception or confusion in the minds of buyers."

18.10 As can be seen from the findings of the Trial Court, it is apparent that despite having formed the opinion that "*at the time of deciding the infringement or passing off, the only thing that is required to be seen is that whether there is such similarity that may cause likelihood of deception or confusion between the two products, whether the two marks or trade dress as are similar that it may deceive or cause confusion to the buyer*" while actually comparing the two labels the Trial Court has proceeded to compare the dissimilarities and not the similarities.

18.11 While going through the impugned judgement this Court finds that the Trial Court has referred to various decisions relied upon on behalf of the

Plaintiff and has devoted as many as 23 paragraphs running into about 15 pages in reproducing extracts from the decision in the case of Colgate Palmolive Company (supra), however, there is no reference to any factual submissions made on behalf of the Plaintiffs, on the merits of the case. It is the specific case of the Plaintiffs as stated in the plaint as well as borne out from the submissions made before this Court that the visual similarity between the marks Cadbury and Candyman where the first two letters in both the marks are the same and the letter 'D' appearing third in Cadbury is appearing fourth in Candyman and the words when written in the same purple colour in small letters on a small pack which is approximately one inch in length and half an inch in breadth with a small area of display panel would be deceptively similar when used on the same type of product i.e. sugar candy such as éclairs in the market place along with the word éclairs. That, the complete text Candyman Choco Éclair and Cadbury Diary Milk Eclairs written in purple colour on a golden coloured background on the rival labels mentioned in three separate rows one below the other on the small labels of each individual wrapper there would be confusing similarities between the two labels which would easily deceive consumers, especially young children who are predominant purchasers of these products.

18.12 From the findings of the Trial Court it nowhere

appears that the similarities of the two labels have been gone into to decide the question as to whether there was any likelihood of confusion or deception. The Trial Court has not compared the similar features of the two labels, namely that both the labels are predominantly gold in colour when the éclair is wrapped in the same, and that the lettering on both the labels is in purple. That, when the éclair is wrapped in the label, all that can be seen in the centre is the golden colour with purple words, in both cases in cursive writing, with a slight difference in the fonts. It is true that the flanks/wings of the Plaintiffs' label are purple in colour, but part of it goes in the twist and the remaining though visible, the difference would be discernible only when the labels are kept side by side. If one goes by general impressions with which products are frequently remembered, confusion and deception are likely to arise.

18.13 Moreover, the Trial Court appears to have gone off the track by entering into the question as to whether the Plaintiffs had applied for registration of the golden colour, and coming to the conclusion that in the absence of any application for registration of the golden colour, the whole stress of the Plaintiff company is on the purple colour and not on the golden colour. On the basis of the aforesaid view, the Trial Court did not find any such combination of purple colour in the Defendants' label, which could cause deception or confusion

in the minds of the purchasers. The aforesaid finding of the Trial Court can be said to suffer from the vice of non-application of mind as well as a misconception of the facts of the case, as the very basis of the Plaintiffs' action for passing off is the use of the gold and purple colour scheme by the Defendants, in respect of its Candyman Choco Eclairs. The Trial Court has brushed aside the very foundation of the claim of the Plaintiff on the ground that it has not applied for registration of the golden colour, and that therefore, its claim is based solely on the purple colour.

18.14 The Trial Court has also referred to the decision of the of Colgate Palmolive (supra) and held that if the test laid down in the said decision is applied to the present case, it is difficult to believe that the wrapper of the Defendants would cause any confusion, however, no reasons are assigned for coming to the said conclusion.

18.15 While placing reliance upon the decision of the Apex Court in case of Kaviraj Pandit Durga Dutt Sharma (supra) the Trial Court has observed, "*the Plaintiff is using both purple and golden colour. Purple colour appears on both sides of wrapper. It occupies about 40% of their label. Though wrapper is twisted for packing, the purple colour is visible. The Defendants' wrapper is of golden colour. It has no such colour combination. Only fonts are in purple.*

Thus, the absence of purple colour in the label of the Defendants is sufficient to distinguish its goods from the goods of the Plaintiff." Thus, it is evident that the Trial Court has only compared the dissimilarities, without so much are referring to the similarities in the two labels.

18.16 The Trial Court was also of the view that one does not need to be of more than average intelligence to distinguish the colour. Undue reliance appears to have been placed by the Trial Court upon survey carried out by M/s IMRB Ltd. after the filing of the suit, at the instance of the Defendants, to find out as to whether there is any confusion between two products. As per the said survey report, which covered 74 children and 51 parents, it was found that there was a low incidence of such error. The Trial Court found that as per the said report it has been found that there is no such confusion, which can be found in case of deceptive similarity. It was further observed "*I do not find any reasonable explanation from the Plaintiff.*" And it was found that "*Thus, there is a prima facie independent evidence against the Plaintiff.*" As to whether the said survey carried out at the instance of the Defendant can be said to be independent evidence, would be a question that would be required to be gone into at the stage of trial. Moreover, the Trial Court has gone further to add that no reasonable explanation is found from

the Plaintiff. It is not in dispute that the survey report has been placed on the record with the written statement. In reply thereto, the Plaintiffs have filed a rejoinder affidavit wherein they have denied that reliance can be placed on the market research survey conducted at the behest of the Defendant No.1. It is further stated that it is clear that the method was contrary to the established and accepted principles laid down by courts in the matter of market surveys. That, the market survey was in a simulated environment and not the actual market place and in any case the report is susceptible to manipulation by Defendant No.1 and that the method adopted was not correct and cannot be relied upon. Despite the aforesaid facts, the Trial Court has found that there is no reasonable explanation from the plaintiff and has at the stage of temporary injunction, placed the said evidence on the pedestal of prima facie evidence against the Plaintiffs. Based upon the said report, the Trial Court has come to the conclusion that even a child can easily distinguish this feature and, therefore, formed the strong view that there is no deceptive similarity between the trade dress of the Plaintiffs and that of Defendants, which may cause or likely to cause any deception or confusion in the minds of buyers.

18.17 Had the Trial Court arrived at the aforesaid findings after going into the similarities of the two labels to decide the question as to

whether there was any likelihood of confusion or deception, and on the basis of relevant material, no interference would be warranted at the hands of this Court. However, as stated earlier, the Trial Court has instead of comparing similarities, based its findings on the dissimilarities of the two competing labels. Moreover, the said findings are also vitiated by misconception of the very basis of the plaintiffs action of passing off, in that the Trial Court has come to the conclusion that the entire case is based upon the use of the purple colour, completely shutting its eyes to the plaintiffs' case based upon the use of the gold and purple colour scheme being used by the Defendants to pass off their goods as that of the Plaintiffs. Moreover, the finding that even a child could distinguish the labels appears to be solely based upon the survey report submitted by the defendant, upon which the Trial Court has formed a strong view that there is no deceptive similarity in the labels. Hence, it is difficult to comprehend as to how far the mind of the Trial Court was vitiated by the aforesaid circumstances. In the aforesaid circumstances, this Court is left with no alternative but to hold that the finding of the Trial Court that there is no deceptive similarity in the labels is a perverse finding of fact.

18.18 Applying the principles laid down by the Apex Court in the case of Cadila Health Care (supra) to the facts of the present case it can be

stated as follows:

1. As regards factor (a) the nature of the marks are both words and label marks, however, at this stage the plaintiff is not claiming monopoly of the words which are contended to be generic, hence, the nature of the marks would be restricted to label marks. The label marks in respect of which passing off is alleged is the gold and purple colour scheme.

2. As regards factor (b) there is a considerable degree of resemblance between the two competing marks, in that both the labels are basically golden in colour. In the case of the plaintiffs' label the background is golden in colour, wherein the words Cadbury, Diary Milk and Eclairs are printed in three separate rows one below the other and the flanks have purple bands/stripes. The word Cadbury is written in its trademark form in gold in a purple background, whereas the words DAIRY MILK are written in plain capital letters and the word Éclairs is written prominently in a cursive font with a cursive line below the word Éclairs in purple colour. Whereas in the case of the defendant's label also the background is golden in colour, wherein the words Candyman, Choco and Éclairs are printed in purple

colour in three separate rows one below the other. The word Candyman is written stylishly in capital letters, whereas the word CHOCO is written in plain capital letters, and the word Éclairs is written prominently in a cursive font. There is a cursive line below the word Candyman. There is also a white waveline on both the sides and a white square with a green round on one side in the flanks, which are hardly visible in the twist of the wrapper. In case of both the labels the name and address of the manufacturer and some other details are printed on the flanks which are hardly visible and difficult to read with the naked eye. When placed side by side and compared minutely, it is apparent that the two labels are different, however, when looking to the similarities in the two labels, it is apparent that both the marks have the same colour scheme; the get up and lay out are also similar. Both the marks are visually and structurally similar. When one considers from the point of view of a man of average intelligence and imperfect recollection; as well as the fact that products are frequently remembered by general impression than by a particular feature, it can be safely concluded that there is every likelihood that confusion or deception is likely to arise.

3. Factors (c) (d) and (e) can be considered together as the same are closed connected. The goods in respect of which the labels are used are confectionary items, being chocolate éclairs worth Re.1/- each, which are consumed mostly by children, belonging to all the strata of society, whether rich or poor and whether literate or illiterate. Hence, the purchasers of these goods belong to different classes, but mostly comprising of children who cannot be expected to exercise a very high degree of care and caution in purchasing these goods. A child would generally go by the image he carries of a certain product, and considering the similarities between the two products, there is all likelihood that he would not be in position to make out the difference, if the defendants' goods are passed off as that of the plaintiffs'. Both the products are targeted at the same consumers/customers, who could be both villagers and towns-folk, literate and illiterate, children and adults and both are sold through the same trade channels. Hence, degree of care that would be exercised by the class of purchasers who are likely to buy these goods would be the common man wherein the principle of imperfect recollection

would apply with full force. The decision of the Delhi High Court in the case of Kellogg's (supra) cannot be made applicable to the facts of the present case, as in the said case the Court had categorically found that the persons who go to purchase 'Kelloggs' Corn Flakes belong to the middle class and above who are fairly educated in English and able to distinguish 'Kelloggs' and what is not 'Kelloggs'; which cannot be said so in the facts of the present case.

4. As regards the mode of purchasing the goods, looking to the nature of the goods, the éclairs are sweet candies, which are separately sold as units, mostly across the counter. The manufacturer would sell the goods in poly pouches or transparent plastic jars to the retailers, who would mostly sell them per piece. The goods in question are stated to be commercially sold in the market mostly in pan shops and small shops. The plaintiffs have filed affidavits of their representatives stating that the products are sold through pan galas and are also mixed and stored in common jars of Cadbury Diary Milk Eclairs which clearly indicates that the sale of the product will be randomly made without distinguishing one from the other. However, the Trial Court

has chosen not to consider the same, and on the other hand has strongly relied upon the survey report submitted by the defendants. Even if the said evidence is discarded or not considered, it is settled legal position, that in an action of passing off what has to be shown is that the label in respect of which passing off is alleged is likely to cause confusion and deception; that confusion or deception does not have to be actually proved.

Considering all the aforesaid factors, it is apparent that when the entire material is taken into consideration, it tilts the balance in favour of the Plaintiff. Accordingly, it is held that the two marks are deceptively similar and there is every likelihood that the same may cause confusion or deception in the minds of the consumers. Point No.4 is decided accordingly.

19. The next issue to be decided is as to whether the plaintiffs's trade dress is distinctive of its products or whether the same is common to trade? It is the case of the plaintiffs that the plaintiffs are using the purple and gold colour on all their Cadbury Diary Milk chocolate products in India and abroad and, therefore, the said combination is exclusively associated with the plaintiffs. In response thereto, it was contended on behalf of the defendants that the

plaintiffs have no exclusive right in respect of wrappers/packaging for Éclairs which have the colours purple and gold in combination. It was urged that a number of competitors have been using the purple colour or the combination of the colour scheme of purple and golden for their éclair product openly, continuously and extensively. It is the case of the defendants that the registrations obtained by the plaintiffs did not give them any exclusive right to the colour scheme, which in any case was common to trade. It is the further case of the defendants that the golden colour, which finds predominance in the defendants' label, signifies a premium product. It is submitted on behalf of the Defendants that several competitors use the éclairs variants along with their products and the use of, inter alia, purple colour in combination with the golden colour on the wrappers is not uncommon in the trade. In support of the said contention the Defendants have produced labels of various companies as item No.9 in a separate list of documents filed with the written statement. The defendants have also submitted survey reports made by A C Neilson ORG-MARG Pvt. Ltd. of the total market, urban and rural, of éclairs.

19.1 The Trial Court appears to have dealt with this issue along with the question of balance of convenience, in paragraph 118 of the impugned judgement which reads as under:

> "*118. Both the parties have relied on the report of M/s IMRB*" (it should be A C Neilson ORG-MARG Pvt. Ltd.) "*a reputed market research agency. The said report contains total sales of both rival companies. Thus, it is very easy to calculate sales and profits of defendant. And therefore, the authorities cited by the defendants would be applicable and the balance of convenience is in favour of the defendants. It is also clear from the record that there are 29 companies using golden colour which includes "Parle Products". The plaintiff is still contemplating to file action against many of them. If defendant is ordered to produce their accounts, the plaintiff's interest will be safeguarded. The judgement of 1997 (7) SCC 21, 1995 (5) SCC 545, 1996 SCC 747, 1997 FSR 294, 1998 FSR 45, 1991 FSR 294, 1991 FSR 345, 2002(25)PTC 264 and 2002 (25) PTC 707, help the defendants on this point.*"

19.2 Upon perusal of the aforesaid decisions, it appears that there is some mistake in citing the decision reported at 1997 (7) SCC 21, as the same has nothing to do with the controversy in question, whereas the other decisions appear to have been cited in relation to the issue of balance of convenience. Hence, the same will be dealt with while dealing with the said issue. On the question of common to trade, the learned Counsel appearing on behalf of the Defendants had relied upon the decision of the Apex Court in the case of National Bell Co. & Gupta Industrial Corporation v. Metal Goods Mfg. CO. (P) Ltd., AIR 1971 SC 898 as well as the decision of the Delhi High Court in the case of

S.B.L. Ltd. v. Himalaya Drug Co. AIR 1998 Delhi 126 (1997 PTC (17) 549).

19.3 The Apex Court in the case of National Bell Co., has stated as follows:

> *"The property in a trade mark exists so long as it continues to be distinctive of the goods of the registered proprietor in the eyes of the public or a section of the public. If the proprietor is not in a position to use the mark to distinguish his goods from those of others or has abandoned it or the mark has become so common in the market that it has ceased to connect him with his goods, there would hardly be any justification in retaining it on the register.*
>
> *The distinctiveness of the trade mark in relation to the goods of a registered proprietor of such a trade mark may be lost in a variety of ways, e. g., by the goods not being capable of being distinguished as the goods of such a proprietor or by extensive piracy so that the marks become publici juris."*

19.4 In the case of S.B.L. Ltd. v. Himalaya Drug Co., (supra) the Delhi High Court has held thus:

> *"20. A mark is said to be common to the trade when (i) it is in common use in the trade, or (2) when it is open to the trade to use. Any symbol, word or get up commonly used by traders in connection with their trade and in respect of which no particular trader can claim an exclusive right to use may be considered common to that particular trade, or publici juris. Further words,*

expressions, or devices which are descriptive of particular goods are open to use by all persons engaged in the trade. Such matters which are generally of a non-distinctive character may or may not be in actual use at any particular time. What is important that the trading public has a right to use them in connection with their business.

21. Whether a matter is or is not common to the trade is a question of fact. A feature which is common to one trade may not be so to a different trade. Similarly a mark may continue to be trade mark in some countries and publici juris in others. A mark which was common to the trade at one time may in course of time become distinctive and vice versa. A word or words used by a number of firms as part of their designation may be considered as words in common use (See: Law of Trade Mark and Passing Off, P. Narayanan, 4th Edn. Para 14.2).”

19.5 Applying the legal propositions cited above, it would be necessary to examine on the basis of the facts of the case as to whether or not the trade dress of the Plaintiff is common to trade. It is the case of the Defendants, as held by the Trial Court that there are 29 companies using golden colour and many of them using the gold and purple combination, hence, there is nothing distinctive of the trade dress of the Plaintiff and that the same is common is trade. The Defendants have relied upon the survey report as well as the labels of products of various companies produced by them. As against that, it is the case of the Plaintiff that it is using

the purple and gold colour on all its Cadbury Diary Milk chocolate products in India and abroad and therefore, the combination is exclusively associated with the Plaintiffs. That from the AC Neilson ORG-MARG Pvt. Ltd. report it is evident that the major players in Eclairs are Cadbury, Campco, Candico, Nestle, Nutrine, Parry and Candyman. That, the respective colour combination of each is as under:

Cadbury : Purple and gold
Campco : Red and dark brown
Candico : Adopted purple and gold, but changed to (1)blue and gold, and (2) red and gold.
Nestle : Chocolate Éclair – Red and silver,
Milky Bar- Blue and Cream
Nutrine : Brown, orange and gold,
Parry : Orange and gold,
Candyman : Purple and gold for Re.1 with effect from October 2004 and red and gold prior thereto. For Re.0.50, still red and gold.

It is the further case of the Plaintiffs that the photograph of Nutrine Éclair showing gold and purple combination is not a genuine Nutrine Éclair as even the packet displays no name of Nutrine.

It is the case of the plaintiffs that, the Defendants have tried to portray by producing large number of labels that purple and gold is common to trade, however, the same is factually incorrect as the Defendants have repeatedly

produced the same label, three to four times and some of the labels produced are not related to chocolate éclairs, but are related to sugar confectionary, cookies and biscuits. The Plaintiffs submitted a chart depicting an analysis of the labels produced by the Defendants and submitted that the contention of the Defendants that the colour purple and gold has become common to trade is unfounded and is based on minor players who do not even feature in the ORG-MARG report.

19.6 On behalf of the Plaintiffs reliance had been placed upon the following observations of the Bombay High Court in the case of R.R. Oomerbhoy Pvt. Ltd. v. Court Receiver, High Court, Bombay, 2003 (27) PTC 580, to contend that merely because some small players in the market were using a similar colour combination for their products, did not mean that the said colour combination had become common to trade:

> "*In a country as vast as India and as geographically far flung, it may conceivably happen that though a dominant share of the market is occupied by a few businesses there are isolated pockets in the country where there may be products which are sold as counterfeits with marks or colour schemes which are deceptively similar. That, however, is not sufficient to indicate that a particular mark has become common to the trade*."

19.7 Upon perusal of the chart produced by the

Plaintiff and upon consideration of the evidence on record and the rival contentions, at this stage the version of the Plaintiffs in support of their plea that the gold and purple colour scheme of trade dress is not common to trade appears to be more plausible. The Plaintiffs appear to be justified in contending that the Trial Court has erred in holding that as many as 29 companies are using the golden colour, when prima facie upon perusal of the documents placed on the record by the Defendants it appears that the same labels have been repeated several times, and moreover, none of those having purple and gold labels are major players in the market. This Court is also in agreement with the view taken by Bombay High Court in the decision cited above. It prima facie appears from the material on record that the Plaintiffs trade dress is distinctive of its products. Point No.5 is decided accordingly.

20. On the issue of balance of convenience, it is the case of the Plaintiffs that the Defendant has recently changed its trade dress from red and gold to purple and gold and that if the Defendant is allowed to continue with purple and gold trade dress, it would mean marketing its Éclairs solely on the strong shoulders of the Plaintiffs' established Cadbury Diary Milk Éclairs causing permanent loss and damage to the Plaintiffs' reputation and goodwill. It is also the case of the Plaintiffs that law clearly provides that no one has a right to sell his own

goods as goods of another and permitting the Defendant to do so would amount to fraud being committed by it. That, if the Defendant is allowed to continue to market its product with the same wrapper, the damage, which could be caused to the Plaintiff will be irreparable and permanent since either Defendant would be able to establish niche in the market, fraudulently, causing permanent damage to the Plaintiffs' market, or in the alternative, if the Defendants' product is not of good quality, it would have an adverse impact on the market of the Plaintiffs' product and its goodwill. That, such permanent damage in either case would be irreparable and irretrievable in terms of money. That on the other hand, if the Defendant is restrained from using the trade dress adopted by it, it can immediately come to the market on its own reputation and not fraudulently as is sought to be done. Referring to the decision of the Delhi High Court in the case of Colgate Palmolive v. Anchor (supra), it was stated that the Defendant should have kept far enough away from the Plaintiff's trade dress to avoid all possible confusion. Reliance was placed upon the following observations in the said decision:

> *"26. While expounding the doctrine of confusion arising from the deceptive similarities as to the trade dress that may fail the unwary customer to distinguish between the rival goods Mr.Sibal placed strong reliance upon Harold F.Ritchie, Inc. v. St.Sabrough – Bond's Inc. 26 USPQ 310 wherein it was*

held that, while entering a field of endeavour already occupied by another the second comer should, in the selection of a trade name or trade mark, keep far enough away to avoid all possible confusion and the leading case on this concept is Florence Mfg. Co. v. J.G.Dowd & Co., & Anr. 178 F.73 75, which again was an American case. The law laid down in this respect is as under:

"It is so easy for the honest business man, who wishes to sell his goods upon their merits, to select from the entire material universe, which is before him, symbols, marks and covering which by no possibility can cause confusion between his goods and those of his competitors, that the courts look with suspicion upon one who, in dressing his goods for the market, approaches so near to his successful rival that the public may fail to distinguish between them."

It is the case of the Plaintiffs that the balance of convenience is clearly in favour of granting injunction, more so when the purchasing public comprise of literate, illiterate, village and town folk, rich and poor are likely to be confused, if not deceived. That, there will be no inconvenience caused to the Defendant, which is a company with a very large turnover to change its trade dress and make its own product popular with a trade dress different from that of the Plaintiffs.

20.1 On behalf of the Defendants it was submitted that it is a well settled principle that in order to obtain an injunction, the Plaintiff has

to show a prima facie case; it has to demonstrate that the Plaintiff would suffer irreparable injury; and must show that the balance of convenience is in its favour. It was further submitted that it is not the law that the Plaintiff has to show only a triable issue to obtain an injunction in a passing off action; that even if the Plaintiff can show a serious question or a prima facie case, the question of balance of convenience has to be considered as an important requirement as held by the Supreme Court in the case of Colgate Palmolive (India) Ltd. V. Hindustan Lever Ltd. It was submitted that in this case the Defendants have been selling their products since August 2003. The Defendants have made considerable investments. In case the injunction is granted in favour of the Plaintiffs, the Defendants would suffer irreparably due to loss of market share and investments made by them over the last two years. That, they will continue to lose their market share on a day to day basis as they have been since 1.4.2005 and that they will suffer irreparable loss and prejudice since their business has come to a halt. That, on the other hand, if the Plaintiffs finally succeed in the suit they can be compensated by awarding damages. That, the interest of the Plaintiffs can be adequately protected by the Defendants maintaining the accounts. That, the Trial Court had rightly held that the balance of convenience was in favour of the Defendants, and thus the injunction ought to be refused. That, by

directing the Defendants to submit accounts every six months, the Trial Court has adequately protected the interest of the Plaintiffs. Reliance was also placed upon two decisions of English Courts in the case of the Boots Co. Ltd. v. Approved Prescription Services, 1988 FSR 45 and Gala of London Ltd. v. Chandler Ltd., 1991 FSR 294, for the proposition that when damages are an adequate remedy, or where serious questions are required to be tried, injunction should not be granted.

20.2 Upon consideration of the rival submissions on the issue, this Court is of the view that the balance of convenience tilts in favour of the Plaintiff. The Court has found that the Plaintiffs, on the basis of pleadings and the material on record have been able to establish use of the label having the gold and purple colour scheme from the year 1994 and even on the basis of the evidence produced by the Defendants, at least from December 2003, if not earlier; whereas the Defendants have admittedly adopted the impugned label since October 2004. Prior thereto, as stated in paragraph 24.13 of the written statement, in August 2003, the Defendants mark Candyman Choco Éclairs, was sold at only Re.1 per piece, and used to come in gold and red colours. That, the present colour scheme was adopted in respect of its Re.1 Éclair confectionary with effect from October 2004. In view of the fact that the label in question has been adopted only from October 2004, the

Defendants contention that it would suffer irreparably due to loss of market share and investments made by them over the last two years does not appear to be well founded. Moreover, this Court has found that the Plaintiffs have been able to establish a prima facie case on the basis of the material on record. Hence, the balance of convenience tilts in favour of the Plaintiff. Point No.6 is decided accordingly.

21. As regards the principal issue, namely as to whether the Plaintiffs are entitled to the grant of temporary injunction, a host of decisions have been cited by the parties to delineate the principles of law governing the grant or refusal of interlocutory injunction in trade mark and trade name disputes. However, since the earlier decisions have been considered in the latter decisions, the Court does not find it necessary to refer to each of them:

21.1 In Colgate Palmolive (India) Ltd. v. Hindustan Lever Ltd., (1999) 7 SCC 1, the Apex Court observed thus:

> "*Generally, however, the interlocutory remedy by way of a grant of an order of injunction is intended to preserve and maintain in status quo the rights of the parties and to protect the plaintiff, being the initiator, of the action against incursion of his rights and for which there is no appropriate compensation being quantified in terms*

of damages. The basic principle of the grant of an order of injunction is to assess the right and need of the plaintiff as against that of the defendant and it is a duty incumbent on to the law courts to determine as to where the balance lies."

The Apex Court, after discussing the American Cyanamid case in great detail as well as its decisions in Wander v. Antox (supra); Power Control Appliances v. Sumeet Machines, (1994) 2 SCC 448; Gujarat Bottling Co. Ltd. v. Coca Cola Co. (supra) noted certain specific considerations in the matter of grant of interlocutory injunction, the basic being non-expression of opinion as to the merits of the matter by the Court, since the issue of grant of injunction usually, is at the earliest possible stage so far as the time-frame is concerned. The Court stated the following considerations for the grant of interlocutory injunction:-

i.Extent of damages being an adequate remedy;

ii.Protect the plaintiff's interest for violation of his rights though however having regard to the injury that may be suffered by the defendants by reason therefor;

iii.The Court while dealing with the matter ought not to ignore the factum of strength of one party's case being stronger than the others;

iv.No fixed rules or notions ought to be had in the matter of grant of injunction but on the facts and circumstances of each case - the relief being kept flexible;

v.The issue is to be looked from the point of view as to whether on refusal of the injunction the plaintiff would suffer irreparable loss and injury keeping in view the strength of the parties' case;

vi.Balance of convenience or inconvenience ought to be considered as an important requirement even if there is a serious question or prima facie case in support of the grant;

vii.Whether the grant or refusal of injunction will adversely affect the interest of general public which can or cannot be compensated otherwise."

21.2 In S.M. Dyechem v. Cadbury, (2000)5 SCC 573 the Supreme Court observed as follows:

> *"19. This point deals with the principles applicable for grant of temporary injunction in trade mark cases. Before American Cyanamid Co. v. Ethicon Ltd., (1975) 1 All ER 504 (HL) it was customary for the Courts to go into prima facie case in trade mark cases for grant or refusal of temporary injunction. But in American Cyanamid, it was observed that it was sufficient if a "triable issue" was presented by the plaintiff and the merits need not be gone into. The said judgment was referred to by this Court in Wander Ltd. v. Antox India (P) Ltd., 1990 Supple SCC 727. The judgment in Wander Ltd. was followed in Power Control Appliances v. Sumeet Machines (P) Ltd., (1994) 2 SCC 448 : (1994 AIR SCW 2760). But in Gujarat Bottling Co. Ltd. v. Coca Cola Co., (1995) 5 SCC 545 : (1995 AIR SCW 3521 : AIR 1995 SC 2372) this Court again adverted to the prima facie case principle while granting temporary injunction.*

20. All these rulings have been reviewed recently in Colgate Palmolive (India) Ltd. v. Hindustan Lever Ltd. It was pointed to this Court that there was considerable criticism of the principles laid down in American Cyanamid (1975 (1) All ER 504). (See also Floyd, Interlocutory Injunctions since Cyanamid (1983 E 1 PR 238), (Cole, Interlocutory Injunctions in U.K. Patent cases (1979 E 1 PR 71) (see also Edenborough M and Tritton, American Cyanamid revisited (1998 E1 PR 234) and Philipps in 1997 JBL 486). This Court referred to the recent judgment of Laddie in UK.

21. In U.K., Laddie, J. reconsidered the principle recently and explained American Cyanamid in his judgment in Series 5 Software v. Clark, (1996) 1 All ER 853 (Ch D). The learned Judge observed that in American Cyanamid, Lord Diplock did not lay down that the relative strength of the case of each party need not be gone into. Thereafter, this Court in Palmolive case has referred to Laddie J's view and said that the view of Laddie, J. is correct and that American Cyanamid cannot be understood as having laid down anything inconsistent with the 'old practice'. We may also add that now the Courts in England go into the question whether the plaintiff is likely or unlikely to win in the suit i.e. into the comparative strength of the case of the rival parties - apart from the question of balance of convenience. (See again Laddie, J. in Barclay's Bank Inc v. R.B.S. Advanta, 1998 RPC 307 where such a question is posed and where Series 5 Software was followed. Therefore, in trade mark matters, it is now necessary to go into the question of 'comparable strength' of the cases of either party, apart

from balance of convenience. Point 4 is decided accordingly."

21.3 In Cadila Health Care Ltd. (supra), the Supreme Court concurred with the view taken in S.M. Dyechem's case (supra) and held that in trade mark matters, it is now necessary to go into the question of "comparable strength" of the cases of either party, apart from balance of convenience.

21.4 In Laxmikant V. Patel v. Chetanbhai Shah, (2002)3 SCC 65 the Supreme Court has held as follows:

"A person may sell his goods or deliver his services such as in case of a profession under a trading name or style. With the lapse of time such business or services associated with a person acquire a reputation or goodwill which becomes a property which is protected by Courts. A competitor initiating sale of goods or services in the same name or by imitating that name results in injury to the business of one who has the property in that name. The law does not permit any one to carry on his business in such a way as would persuade the customers or clients in believing that the goods or services belonging to someone else are his or are associated therewith. It does not matter whether the latter person does so fraudulently or otherwise. The reasons are two. Firstly, honesty and fair play are, and ought to be, the basic policies in the world of business. Secondly, when a person adopts or intends to adopt a name in connection with his business or services which already belongs to

someone else it results in confusion and has propensity of diverting the customers and clients of someone else to himself and thereby resulting in injury.

In an action for passing off it is usual, rather essential, to seek an injunction temporary or ad-interim. The principles for the grant of such injunction are the same as in the case of any other action against injury complained of. The plaintiff must prove a prima facie case, availability of balance of convenience in his favour and his suffering an irreparable injury in the absence of grant of injunction. According to Kerly (Ibid, para 16.16) passing off cases are often cases of deliberate and intentional misrepresentation, but it is well-settled that fraud is not a necessary element of the right of action, and the absence of an intention to deceive is not a defence though proof of fraudulent intention may materially assist a plaintiff in establishing probability of deception. Christopher Wadlow in Law of Passing Off (1995 Edition, at p. 3.06) states that the plaintiff does not have to prove actual damage in order to succeed in an action for passing off. Likelihood of damage is sufficient. The same learned author states that the defendant's state of mind is wholly irrelevant to the existence of the cause of action for passing off (ibid, paras 4.20 and 7.15). As to how the injunction granted by the Court would shape depends on the facts and circumstances of each case. Where a defendant has imitated or adopted that plaintiff's distinctive trade mark or business name, the order may be an absolute injunction that he would not use or carry on business under that name. (Kerly, ibid, para 16.97).

We are conscious of the law that this Court would not ordinarily interfere with the exercise of discretion in the matter of grant of temporary injunction by the High Court and the trial Court and substitute its own discretion therefor except where the discretion has been shown to have been exercised arbitrarily or capriciously or perversely or where the order of the Court under scrutiny ignores the settled principles of law regulating grant or refusal of interlocutory injunction. An appeal against exercise of discretion is said to be an appeal on principle. Appellate Court will not reassess the material and seek to reach a conclusion different from the one reached by the Court below solely on the ground that if it had considered the matter at the trial stage it would have come to a contrary conclusion. If the discretion has been exercised by the trial Court reasonably and in a judicial manner the fact that the appellate Court would have taken a different view may not justify interference with the trial Court's exercise of discretion [(See Wander Ltd. v. Antox India P. Ltd., 1990 (Supp) SCC 727 and N. R. Dongre v. Whirpool Corporation, (1996) 5 SCC 714)]. However, the present one is a case falling within the well accepted exceptions. Neither the trial Court nor the High Court have kept in view and applied their mind to the relevant settled principles of law governing the grant or refusal of interlocutory injunction in trade mark and trade name disputes. A refusal to grant an injunction in spite of the availability of facts, which are prima facie established by overwhelming evidence and material available on record justifying the grant thereof, occasion a failure of justice and such injury to

the plaintiff as would not be capable of being undone at a latter stage. The discretion exercised by the trial Court and the High Court against the plaintiff, is neither reasonable nor judicious. The grant of interlocutory injunction to the plaintiff could not have been refused, therefore, it becomes obligatory on the part of this Court to interfere."

22. Keeping in mind the aforesaid principles the Court is required to consider the question of grant of interim injunction.

22.1 In the present case, apart from the contentions as regards balance of convenience and irreparable injury stated hereinabove, the Defendants have also raised a contention as regards delay in the institution of the suit, pointing out that at the time when the suit was filed the Defendants had already commenced marketing of their product, hence, the consideration for grant of injunction would be somewhat different. It was submitted that if the Defendants had already commenced enterprise the same is a valid consideration for refusing injunction. In support of its contentions reliance was placed upon the decision of Colgate Palmolive (India) Ltd. v. Hindustan Lever Ltd. (supra) as well as the decision of the Delhi High Court in the case of Pfizer Products Inc.v. B.L. & Company (supra).

22.2 On behalf of the Plaintiffs it was submitted that there is no delay and that the suit had

been filed forthwith on knowledge of change in the trade dress of the Defendant's product. It was further submitted that delay is no ground to refuse interim injunction in a passing off action. Reliance was placed upon the decisions of the Apex Court in the case of Laxmikant Patel v. Chetanbhai Shah (supra), Dhariwal Industries v. MSS Foods Ltd.(supra) as well as the decision of this Court in Rupa & Co. v. Dawn Mills Co. Ltd.(supra).

22.3 In this regard the Delhi High Court has in the case of M/s Hindustan Pencil Pvt. Ltd. v. M/s Stationary products Co., AIR 1990 Delhi 19, held as follows:

> *"It would appear to be difficult to accept that relief of temporary injunction could not be granted because of delay on the part of Plaintiff even though the Court feels, at that point of time that ultimately permanent injection will have to be granted…….. The defence of laches or inordinate delay is a defence in equity. In equity both the parties must come to Court with clean hands. An equitable defence can be put by a party who has acted fairly and honestly. A person who is guilty of violating the law or infringing or usurping somebody else's right cannot claim the continued misuse of the usurped right*."

22.4 The Delhi High Court has in the case of Colgate Palmolive v. Anchor Health (supra) held that "*it is well settled that delay simplicitor is not a defence. Delay is relevant so far as*

damages is concerned. This cannot stand in the way of injunction."

22.5 The Apex Court in the case of Laxmikant V. Patel v. Chetanbhai Shah (supra) observed as follows:

> "*There was no delay in filing the suit by the plaintiff. The plaintiff filed the suit with an averment that the defendants were about to commit an injury to the plaintiff. The defendants took a plea that they had already commenced the business with the offending trade name without specifying actually since when they had commenced such business. This has to be seen in the background that the defendants' business earlier was admittedly being carried on in the name and style of Gokul Studio. The commencement of such business by the defendants could therefore have been subsequent to the institution of the suit by the plaintiff and before the filing of the written statement by the defendants. In such a situation, on the plaintiff succeeding in making out a prima facie case, the Court shall have to concentrate on the likelihood of injury which would be caused to the plaintiff in future and simply because the business under the offending name had already commenced before the filing of the written statement or even shortly before the institution of the suit would not make any difference and certainly not disentitle the plaintiff to the grant of ad-interim injunction.*"

Thus, the mere fact that there is some delay in instituting the suit or that the Defendant has already commenced, does not disentitle the Plaintiff to the grant of an interim injunction,

if on merits he has a strong case.

22.6 In the face of all the aforesaid evidence, keeping in view the following observations of the Apex Court in the case of Laxmikant V.Patel v. Chetanbhai Shah (supra) "a *refusal to grant an injunction in spite of the availability of facts, which are prima facie established by overwhelming evidence and material available on record justifying the grant thereof, occasion a failure of justice and such injury to the plaintiff as would not be capable of being undone at a latter stage";* this Court is of the view that the Plaintiffs have established a prima facie case. The balance of convenience lies in favour of the Plaintiffs and the relative strength of the case is also in favour of the Plaintiffs. It being a settled legal position as enunciated by the Supreme Court in the decisions cited above that the prima facie establishment of prior use goes a long way in enabling the Plaintiff to claim injunction in a passing off action. Accordingly, it is held that Plaintiffs are entitled to the grant of interim injunction. Point No.7 is decided accordingly.

23. In the result, it is held on the question of passing off that on an examination of the relative strength of the pleas, it is shown that chances, on facts, are more in favour of the Plaintiffs rather than in favour of the Defendants and that the Plaintiffs are entitled to the grant of temporary injunction. The findings of facts recorded hereinabove are

confined to these interlocutory proceedings only. It is made clear that any observation made by this Court touching the facts, and any factual finding arrived at this stage would not come in the way of the Trial Court in arriving at a final decision at variance therewith on trial of the issues on merits after recording the evidence.

24. It is found that the Trial Court after agreeing in principle that while deciding the question of deceptive similarity and likelihood of confusion, it is the similarities in the competing marks that have to be considered, on facts, applied the wrong principles and went into the question of dissimilarities in the essential features and did not refer to the similarities in the essential features. In S. M. Dyechem's case (supra) the Supreme Court has held that if wrong principles are applied by the Trial Court under Order 39 Rule 1 of the Code of Civil Procedure, the appellate Court could certainly interfere in interlocutory proceedings under Order 39 Rule 1 of the CPC. Thus, the Trial Court on facts, having applied the wrong principles while refusing temporary injunction, this Court can certainly interfere in these interlocutory proceedings. Moreover, this Court has in relation to the issue of deceptive similarity as well as prior use held that the findings of fact recorded by the Trial Court are perverse, hence, the facts and circumstances of the case warrant interference with the

discretion exercised by the Trial Court. Point No.1 is decided accordingly.

25. In conclusion, this Court is of the view that the Trial Court has not applied the principles as regards grant of injunction correctly. The Trial Court has also ignored relevant evidence on the record while recording findings of fact on various issues. Accordingly, the exercise of discretion by the Trial Court can be said to be arbitrary as well as perverse. The Trial Court has failed to exercise its discretion reasonably and in a judicial manner justifying interference at the hands of this Court.

26. In the result the appeal succeeds. The impugned judgement and order is quashed and set aside. The Respondents/Defendants are restrained from using in relation to its CANDYMAN CHOCO ECLAIRS of the Re.1/- variety the impugned label, being Ex.12 to the plaint or any other identical or deceptively similar label so as to pass off or enable others to pass off the Defendants' goods as that of the Plaintiff's goods till the disposal of the suit. The appeal is accordingly, allowed. There shall be no order as to costs.

[**HARSHA N.DEVANI, J.**]

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